

State of New Mexico  
Western Regional Housing Authority

**FINANCIAL STATEMENTS**  
**With Independent Auditor's Report Thereon**

For The Fiscal Year Ended June 30, 2014

Western Regional Housing Authority  
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June 30, 2014

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Western Regional Housing Authority  
**DIRECTORY OF OFFICIALS**  
June 30, 2014

**COMMISSIONERS**

G. Vincent Barrett  
Patricia Lincoln  
Carol Anaya  
Awish Baechtle  
Beverly Kostelnik  
Vera Turner  
Jackie Muncy

Chairman  
Vice-Chairman  
Treasurer  
Secretary  
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, 2014, 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, 2014, 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, 2014, 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 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 purposes 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 23, 2014, 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 23, 2014

*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, 2014. 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 \$3,862 (net position). Of this amount, \$604 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position increased by \$31. Of this amount, \$44 increase was attributable to Housing Choice Voucher activities, Low Rent Public Housing generated a decrease of \$21, and Southwest Housing Assistance activities generated an \$8 increase.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund were \$321, 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 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 five proprietary enterprise funds to account for: Low-Rent Public Housing, Housing Choice Voucher Program, Southwest Housing Assistance Program (SWHAP), 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 \$3,862 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (87%) 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,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>
<b>Assets</b>		
Current Assets	680	661
Restricted Assets	88	195
Capital Assets, Net	<u>3122</u>	<u>3079</u>
Total Assets	<u><u>3890</u></u>	<u><u>3935</u></u>
<b>Liabilities</b>		
Current Liabilities	21	44
Noncurrent Liabilities	38	29
Total Liabilities	<u>59</u>	<u>73</u>
<b>Net Position</b>		
Net Investment in Capital Assets	3122	3079
Restricted	73	179
Unrestricted	<u>636</u>	<u>604</u>
Total Net Position	<u>3831</u>	<u>3862</u>
Total Liabilities and Net Position	<u><u>3890</u></u>	<u><u>3935</u></u>

An additional portion of the Western Regional Housing Authority's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$604) may be used to meet the Authority's ongoing obligations to residents and creditors.

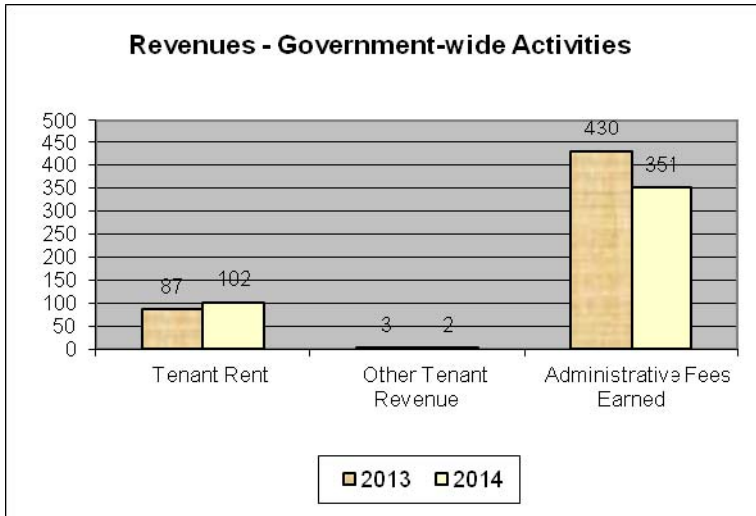
At the end of the current fiscal year, the Western Regional Housing Authority is able to report positive balances on all three categories of net position, both for the government as a whole as well as for its enterprise activities. The same situation held true for the prior fiscal year.

There was an increase of \$106 in restricted net position reported by the Housing Authority as compared to the prior year. The increase was due to the Housing Authority having to cut back on their leasing until they could rebuild their HAP Reserves.

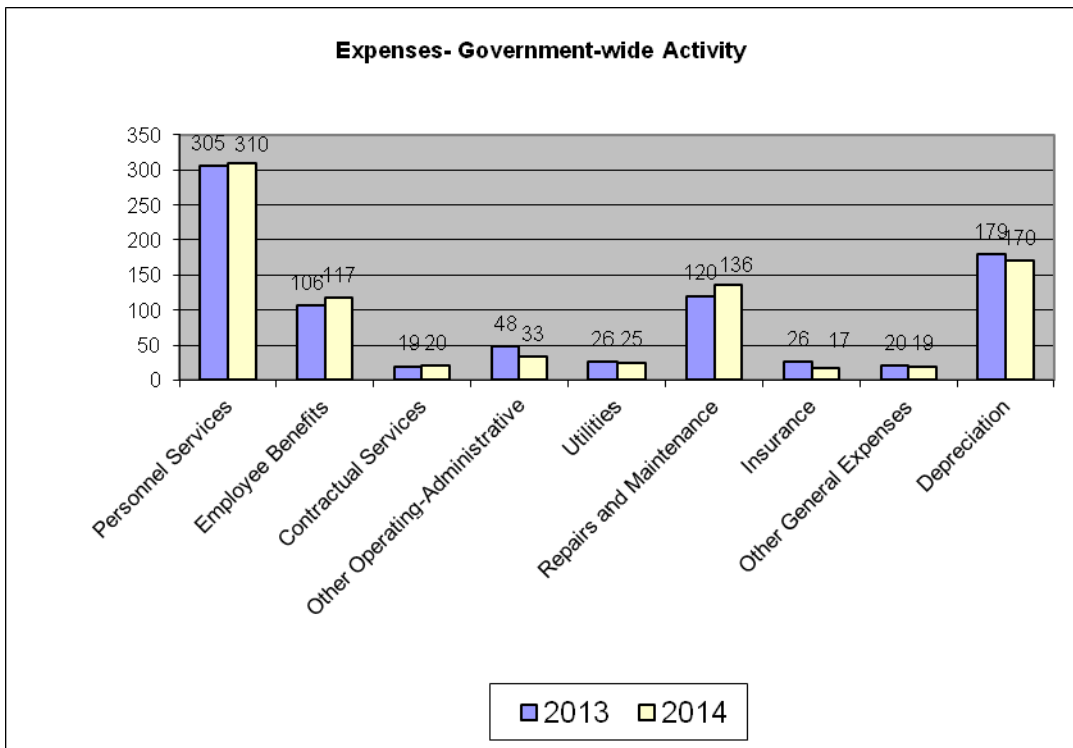
**Western Regional Housing Authority**  
**Condensed Statement of Revenues, Expenses and Changes in Fund Net Position**  
**(In Thousands)**

	<b>June 30, 2013</b>	<b>June 30, 2014</b>
<b>Revenues:</b>		
Tenant Rent	87	102
Other Tenant Revenue	3	2
Administrative Fees Earned	430	351
Total Revenue	<u>520</u>	<u>455</u>
<b>Expenses:</b>		
Personnel Services	305	310
Employee Benefits	106	117
Contractual Services	19	20
Other Operating-Administrative	48	33
Utilities	26	25
Repairs and Maintenance	120	136
Insurance	26	17
Other General Expenses	20	19
Depreciation	179	170
Total Expenses	<u>849</u>	<u>847</u>
Operating Income (Loss)	<u>(329)</u>	<u>(392)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Intergovernmental Grants	3991	4056
Housing Assistance Payments	(3948)	(3660)
Other Non-Operating Revenue	23	27
Gain (Loss) on Sale of Fixed Assets		
Total Non-Operating Revenue (Expenses)	<u>66</u>	<u>423</u>
<b>Income (Loss) before Capital Contributions &amp; Transfers</b>	<u>(263)</u>	<u>31</u>
Mod Grants	<u>0</u>	<u>0</u>
<b>Change In Net Position</b>	<u><u>(263)</u></u>	<u><u>31</u></u>

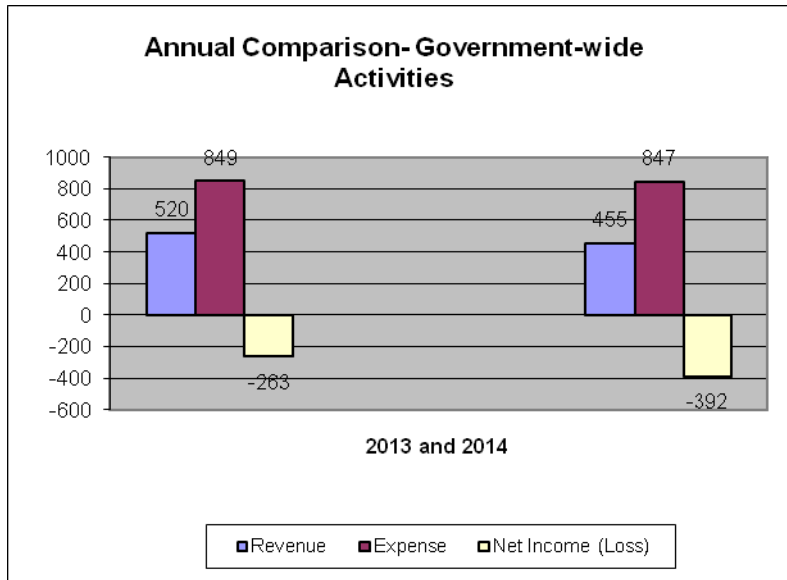
Total revenues decreased \$65 or about 14% during the year. This is the result of a decrease in administrative fees due to only receiving a prorate of 69% of fees earned.



Total expenses decreased \$2 or not quite 1% as compared to the prior year. Most of our expense categories decreased due to closer monitoring of our spending. Personnel Services and Employee Benefits increased because we had a long-term staff person retire and had to pay out her accrued vacation and sick leave.



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 \$6; operating expenses remained under the budget plan by \$46 after adjusting for Depreciation Expenses of \$170, thereby eliminating the need to draw upon existing net position.

### Capital Asset and Debt Administration

The Western Regional Housing Authority’s investment in capital assets as of June 30, 2014, amounts to \$3079 (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)

	<b>June 30, 2013</b>
Land and Improvements	731,537
Buildings, Systems and Improvements	2,127,710
Furniture, Fixtures and Equipment	9,080
Construction in Progress	210,740
<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	<b><u><u>3,079,067</u></u></b>

**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 \$29.

**Economic Factors:**

- The unemployment rate in Grant County as of June 2014, reported by the New Mexico Department of Workforce Solutions, is 7.6%, which is slightly lower than last year. This is higher than the state's average unemployment rate of 6.5%. The unemployment rate in Luna County as of June 2014 decreased from 16.4% last year to 14.6%, 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, 2014

	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Southwest Housing Assistance</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 333,960	\$ 163,852	\$ 103,629
Interfund receivable			55,000
Accounts receivable (net)	584	1,229	229
Inventory	<u>2,580</u>		
Total current assets	<u>\$ 337,124</u>	<u>\$ 165,081</u>	<u>\$ 158,858</u>
Noncurrent assets:			
Restricted:			
Cash	\$ 12,446	\$ 179,309	\$ 3,326
Capital assets, net	<u>2,297,939</u>	<u>-</u>	<u>781,128</u>
Total noncurrent assets	<u>\$ 2,310,385</u>	<u>\$ 179,309</u>	<u>\$ 784,454</u>
Total assets	<u>\$ 2,647,509</u>	<u>\$ 344,390</u>	<u>\$ 943,312</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 7,699	\$ 18,284	\$ -
Interfund payable			
Compensated absences	582	1,591	
Unearned revenue	402		
Tenant deposits (payable from restricted assets)	<u>12,446</u>		<u>3,326</u>
Total current liabilities	<u>\$ 21,129</u>	<u>\$ 19,875</u>	<u>\$ 3,326</u>
Noncurrent liabilities:			
Compensated absences	<u>7,727</u>	<u>21,140</u>	
Total liabilities	<u>\$ 28,856</u>	<u>\$ 41,015</u>	<u>\$ 3,326</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,297,939	\$ -	\$ 781,128
Restricted for housing assistance payments		179,309	
Unrestricted	<u>320,714</u>	<u>124,066</u>	<u>158,858</u>
Total net position	<u>\$ 2,618,653</u>	<u>\$ 303,375</u>	<u>\$ 939,986</u>

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

<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total*</u>
\$ 13,540	\$ 28,482	\$ 643,463
11,460	1,518	15,020
<u>25,000</u>	<u>30,000</u>	<u>2,580</u>
		<u>\$ 661,063</u>
	\$ -	\$ 195,081
		<u>3,079,067</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,274,148</u>
<u>\$ 25,000</u>	<u>\$ 30,000</u>	<u>\$ 3,935,211</u>
\$ -	\$ -	\$ 25,983
25,000	30,000	2,173
		402
		<u>15,772</u>
<u>\$ 25,000</u>	<u>\$ 30,000</u>	<u>\$ 44,330</u>
		<u>28,867</u>
<u>\$ 25,000</u>	<u>\$ 30,000</u>	<u>\$ 73,197</u>
	\$ -	\$ 3,079,067
		179,309
		<u>603,638</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,862,014</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, 2014

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance
Operating revenues:			
Tenant rent	\$ 70,668	\$ -	\$ 30,748
Other tenant revenue	1,607		97
Administration fees		351,330	
<b>Total operating revenues</b>	<b>\$ 72,275</b>	<b>\$ 351,330</b>	<b>\$ 30,845</b>
Operating expenses:			
Personnel services	\$ 56,512	\$ 248,865	\$ -
Employee benefits	17,519	96,450	
Contractual services	8,500	11,500	
Other administrative	4,922	27,989	245
Utilities	22,805	2,299	252
Repairs and maintenance	103,395	21,403	10,207
Insurance	7,000	9,245	549
Other general expenses	3,786	13,828	
Depreciation	157,422	913	11,937
<b>Total operating expenses</b>	<b>\$ 381,861</b>	<b>\$ 432,492</b>	<b>\$ 23,190</b>
<b>Operating income (loss)</b>	<b>\$ (309,586)</b>	<b>\$ (81,162)</b>	<b>\$ 7,655</b>
Nonoperating revenue (expense):			
Intergovernmental grants - Federal	\$ 288,457	\$ 3,564,954	\$ -
Intergovernmental grants - State		7,500	
Housing assistance payments		(3,473,885)	
Other nonoperating revenue		26,875	
Gain (loss) on disposition of assets			
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 288,457</b>	<b>\$ 125,444</b>	<b>\$ -</b>
Income (loss) before capital contributions and transfers:	\$ (21,129)	\$ 44,282	\$ 7,655
Transfers in			
Transfers out			
Capital contributions			
<b>Change in net position</b>	<b>\$ (21,129)</b>	<b>\$ 44,282</b>	<b>\$ 7,655</b>
Net position, beginning of year	2,639,782	259,093	932,331
<b>Net position, end of year</b>	<b>\$ 2,618,653</b>	<b>\$ 303,375</b>	<b>\$ 939,986</b>

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

State and Local	Emergency Shelter	Total
	\$ -	\$ 101,416
		1,704
		351,330
\$ -	\$ -	\$ 454,450
\$ 4,678	\$ -	\$ 310,055
2,504		116,473
		20,000
		33,156
		25,356
1,120		136,125
		16,794
898		18,512
		170,272
\$ 9,200	\$ -	\$ 846,743
\$ (9,200)	\$ -	\$ (392,293)
\$ -	\$ -	\$ 3,853,411
109,138	86,513	203,151
(99,938)	(86,513)	(3,660,336)
		26,875
		-
\$ 9,200	\$ -	\$ 423,101
\$ -	\$ -	\$ 30,808
		-
\$ -	\$ -	\$ 30,808
	-	3,831,206
\$ -	\$ -	\$ 3,862,014

Western Regional Housing Authority  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2014

	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Southwest Housing Assistance</u>
Cash flows from operating activities:			
Receipts from tenants and fees	\$ 72,777	\$ 351,330	\$ 31,734
Payments to vendors	(150,162)	(70,327)	(11,395)
Payments to employees	(65,926)	(355,185)	
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by operating activities	\$ (143,311)	\$ (74,182)	\$ 20,339
	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from noncapital and related financing activities:			
Intergovernmental grants	\$ 149,623	\$ 3,573,634	\$ 15,059
Housing assistance payments		(3,473,885)	
Transfers			
Interfund activities	(313)	313	(15,000)
Other nonoperating revenues		26,875	
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by noncapital and related financing activities	\$ 149,310	\$ 126,937	\$ 59
	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from capital and related financing activities:			
Intergovernmental grants	\$ 138,834	\$ -	\$ -
Purchase of capital assets	(127,762)		
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by capital and related financing activities	\$ 11,072	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>
Net increase (decrease) in cash	\$ 17,071	\$ 52,755	\$ 20,398
Cash, beginning of year	<u>329,335</u>	<u>290,406</u>	<u>86,557</u>
Cash, end of year	<u><u>\$ 346,406</u></u>	<u><u>\$ 343,161</u></u>	<u><u>\$ 106,955</u></u>

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

State and Local	Emergency Shelter	Total
\$ -	\$ -	\$ 455,841
(2,018)		(233,902)
<u>(7,182)</u>		<u>(428,293)</u>
 \$ (9,200)	 \$ -	 \$ (206,354)
 \$ 110,076	 \$ 88,961	 \$ 3,937,353
(99,938)	(86,513)	(3,660,336)
10,000	5,000	-
		-
		<u>26,875</u>
 <u>\$ 20,138</u>	 <u>\$ 7,448</u>	 <u>\$ 303,892</u>
 \$ -	 \$ -	 \$ 138,834
		<u>(127,762)</u>
 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 11,072</u>
 \$ 10,938	 \$ 7,448	 \$ 108,610
2,602	21,034	729,934
<u>2,602</u>	<u>21,034</u>	<u>729,934</u>
 <u>\$ 13,540</u>	 <u>\$ 28,482</u>	 <u>\$ 838,544</u>

Western Regional Housing Authority  
**STATEMENT OF CASH FLOWS (concluded)**  
For the Fiscal Year Ended June 30, 2014

	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)	\$ (309,586)	\$ (81,162)	\$ 7,655
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	157,422	913	11,937
Provision for bad debts	(385)		
(Increase) decrease in:			
Accounts receivable	1,193		(120)
Prepaid expenses			
Inventory	555		
Increase (decrease) in:			
Accounts payable	(309)	15,937	(142)
Payroll taxes payable	7,603		
Compensated absences	502	(9,870)	
Unearned revenue	(357)		
Tenant deposits	51		1,009
Net cash provided by operating activities	\$ (143,311)	\$ (74,182)	\$ 20,339

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

<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total</u>
\$ (9,200)	\$ -	\$ (392,293)
		170,272 (385)
		1,073 - 555
		15,486 7,603 (9,368) (357) 1,060
<u>\$ (9,200)</u>	<u>\$ -</u>	<u>\$ (206,354)</u>

Western Regional Housing Authority  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

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.

## 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, (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 in accordance with professional standards. 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 deferred outflows of resources by the provider and deferred outflows of resources by the recipient.

### **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, both restricted and unrestricted.

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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resources (expenses/expenditures) until then. The Authority had no items that qualify for reporting in the category at June 30, 2014.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category at June 30 2014.

**K. 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.

**L. 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.

**M. 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.

**N. 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 - 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.”

## **O. 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.

## **P. 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.

## **Q. 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, 2014, \$-0- of the Authority's bank balance of \$881,441 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	631,441	588,544
Uninsured	<u>-0-</u>	<u>-0-</u>
	<u>\$ 881,441</u>	<u>\$ 838,544</u>

Note 3 Accounts Receivables

Due from tenants and others	\$ 15,048
Less allowance for doubtful accounts	<u>(28)</u>
Net receivables	<u>\$ 15,020</u>

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 731,537	\$ -0-	\$ -0-	\$ 731,537
Construction in progress	<u>210,740</u>	<u>          </u>	<u>          </u>	<u>210,740</u>
Total assets not being depreciated	<u>\$ 942,277</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 942,277</u>
Other capital assets:				
Buildings/improvements	\$ 4,730,206	\$ 127,764	\$ -0-	\$ 4,857,970
Equipment/furnishings	<u>230,660</u>	<u>          </u>	<u>-0-</u>	<u>230,660</u>
Total other assets at historical cost	<u>\$ 4,960,866</u>	<u>\$ 127,764</u>	<u>\$ -0-</u>	<u>\$ 5,088,630</u>

Less accumulated depreciation for:				
Buildings/improvements	\$(2,564,845)	\$ (165,414)	\$ -0-	\$(2,730,259)
Equipment/furnishings	<u>(216,723)</u>	<u>(4,858)</u>	<u>-0-</u>	<u>(221,581)</u>
Total accumulated depreciation	<u>\$(2,787,568)</u>	<u>\$ (170,272)</u>	<u>\$ -0-</u>	<u>\$(2,951,840)</u>
Other capital assets (net)	<u>\$ 2,179,298</u>	<u>\$ (42,508)</u>	<u>\$ -0-</u>	<u>\$ 2,136,790</u>
Capital assets, net	<u>\$ 3,121,575</u>	<u>\$ (42,508)</u>	<u>\$ -0-</u>	<u>\$ 3,079,067</u>

Note 5 Compensated Absences

Changes in compensated absences were as follows for the year ended June 30, 2014:

<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
<u>July 1, 2013</u>			<u>June 30, 2014</u>
<u>\$ 40,408</u>	<u>\$ 22,134</u>	<u>\$ 31,502</u>	<u>\$ 31,040</u>

Amounts due:

Current	\$ 2,173
Long-term	<u>28,867</u>
	<u>\$ 31,040</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](http://www.pera.state.nm.us).

*Funding Policy*

Plan members are required to contribute 10.65% 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, 2014, 2013, and

2012 were \$64,096, \$59,236 and \$60,692 respectively, which equal the amount of the required contributions for each year.

During the year ending June 30, 2015, the Authority will be required to report a material liability for pension plan participation, due to the required adoption of new professional standards. Currently, the amount is not estimable.

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, 2014 consisted of the following:

	<u>Interfund Payable</u>		
	<u>State and Local</u>	<u>Emergency Shelter</u>	<u>Total</u>
<u>Interfund Receivable</u>			
SW Housing Assistance	<u>\$ 25,000</u>	<u>\$ 30,000</u>	<u>\$ 55,000</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 23, 2014, 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ 66,213	\$ 66,213	\$ 70,668	\$ 4,455
Other tenant revenue	2,000	1,000	1,607	607
<b>Total operating revenues</b>	<b>\$ 68,213</b>	<b>\$ 67,213</b>	<b>\$ 72,275</b>	<b>\$ 5,062</b>
Operating expenses:				
Personnel services	\$ 57,000	\$ 57,000	\$ 56,512	\$ 488
Employee benefits	33,000	33,000	17,519	15,481
Contractual services	8,500	8,500	8,500	-
Other administrative	6,000	6,000	4,922	1,078
Utilities	25,700	26,700	22,805	3,895
Repairs and maintenance	94,600	95,737	103,395	(7,658)
Insurance	7,000	7,000	7,000	-
Other general	3,000	3,050	3,129	(79)
Travel	700	800	657	143
Depreciation			157,422	(157,422)
<b>Total operating expenses</b>	<b>\$ 235,500</b>	<b>\$ 237,787</b>	<b>\$ 381,861</b>	<b>\$ (144,074)</b>
<b>Operating income (loss)</b>	<b>\$ (167,287)</b>	<b>\$ (170,574)</b>	<b>\$ (309,586)</b>	<b>\$ (139,012)</b>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 146,336	\$ 149,623	\$ 288,457	\$ 138,834
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 146,336</b>	<b>\$ 149,623</b>	<b>\$ 288,457</b>	<b>\$ 138,834</b>
<b>Income (loss) before capital contributions</b>	<b>\$ (20,951)</b>	<b>\$ (20,951)</b>	<b>\$ (21,129)</b>	<b>\$ (178)</b>
Capital contributions	15,268	15,268	-	(15,268)
<b>Change in net position</b>	<b>\$ (5,683)</b>	<b>\$ (5,683)</b>	<b>\$ (21,129)</b>	<b>\$ (15,446)</b>
Operating reserves	10,683	10,683		
Purchase of fixed assets	(5,000)	(5,000)		
<b>Net change in financial position</b>	<b>\$ -</b>	<b>\$ -</b>		

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues:				
Administrative fees	\$ 335,786	\$ 351,330	\$ 351,330	\$ -
 Total operating revenues	 \$ 335,786	 \$ 351,330	 \$ 351,330	 \$ -
Operating expenses:				
Personnel services	\$ 244,000	\$ 250,000	\$ 248,865	\$ 1,135
Employee benefits	98,000	97,000	96,450	550
Contract services	11,500	11,500	11,500	-
Other administrative	34,060	39,160	27,989	11,171
Utilities	2,050	2,350	2,299	51
Repairs and maintenance	23,000	22,000	21,403	597
Insurance	9,246	9,246	9,245	1
Other general	8,000	7,500	6,982	518
Travel	6,000	7,000	6,846	154
Depreciation			913	(913)
 Total operating expenses	 \$ 435,856	 \$ 445,756	 \$ 432,492	 \$ 13,264
 Operating income (loss)	 \$ (100,070)	 \$ (94,426)	 \$ (81,162)	 \$ 13,264
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 3,621,516	\$ 3,586,170	\$ 3,572,454	\$ (13,716)
Housing assistance payments	(3,614,016)	(3,578,670)	(3,473,885)	104,785
Other nonoperating revenue	21,800	22,120	26,875	4,755
Gain (loss) on disposition of assets				-
 Total nonoperating revenues (expenses)	 \$ 29,300	 \$ 29,620	 \$ 125,444	 \$ 95,824
Transfers	\$ -	\$ -		\$ -
 Change in net position	 \$ (70,770)	 \$ (64,806)	 <u>\$ 44,282</u>	 <u>\$ 109,088</u>
Operating reserves	75,770	68,806		
Purchase of fixed assets	(5,000)	(4,000)		
 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ 30,060	\$ 30,000	\$ 30,748	\$ 748
Other tenant revenue			97	97
<b>Total operating revenues</b>	<b>\$ 30,060</b>	<b>\$ 30,000</b>	<b>\$ 30,845</b>	<b>\$ 845</b>
Operating expenses:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Employee benefits				-
Other administrative	1,000	2,000	245	1,755
Repairs and maintenance	6,000	8,000	10,207	(2,207)
Utilities	200	500	252	248
Insurance	600	600		600
Property betterments	15,000	15,000		15,000
Depreciation			11,937	(11,937)
<b>Total operating expenses</b>	<b>\$ 22,800</b>	<b>\$ 26,100</b>	<b>\$ 22,641</b>	<b>\$ 3,459</b>
<b>Operating income (loss)</b>	<b>\$ 7,260</b>	<b>\$ 3,900</b>	<b>\$ 8,204</b>	<b>\$ 4,304</b>
Nonoperating revenue (expense):				
Governmental grants	\$ -	\$ -		\$ -
Other nonoperating revenue				-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Transfers	\$ -	\$ -	\$ -	\$ -
<b>Change in net position</b>	<b>\$ 7,260</b>	<b>\$ 3,900</b>	<b>\$ 8,204</b>	<b>\$ 4,304</b>
Transfer to reserves	(106,088)	\$ (90,457)		
Beginning cash balance	98,828	86,557		
<b>Net change in financial position</b>	<b>\$ -</b>	<b>\$ -</b>		

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other tenant revenue				-
<b>Total operating revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Operating expenses:				
Personnel services	\$ 3,500	\$ 4,800	\$ 4,678	\$ 122
Employee benefits	1,400	2,700	2,504	196
Contract services				-
Other administrative	2,400	2,400	898	1,502
Utilities				-
Repairs and maintenance			1,120	(1,120)
Depreciation				-
<b>Total operating expenses</b>	<b>\$ 7,300</b>	<b>\$ 9,900</b>	<b>\$ 9,200</b>	<b>\$ 700</b>
<b>Operating income (loss)</b>	<b>\$ (7,300)</b>	<b>\$ (9,900)</b>	<b>\$ (9,200)</b>	<b>\$ 700</b>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 85,231	\$ 124,061	\$ 109,138	\$ (14,923)
Housing assistance payments	(77,931)	(114,161)	(99,938)	14,223
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 7,300</b>	<b>\$ 9,900</b>	<b>\$ 9,200</b>	<b>\$ (700)</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ -	\$ -	\$ -	\$ -
Other tenant revenue				-
<b>Total operating revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Operating expenses:				
Personnel services	\$ 4,000			\$ -
Employee benefits	1,600			-
Contract services				-
Other administrative	3,445	2,193		2,193
Utilities				-
Repairs and maintenance				-
Depreciation				-
<b>Total operating expenses</b>	<b>\$ 9,045</b>	<b>\$ 2,193</b>	<b>\$ -</b>	<b>\$ 2,193</b>
<b>Operating income (loss)</b>	<b>\$ (9,045)</b>	<b>\$ (2,193)</b>	<b>\$ -</b>	<b>\$ 2,193</b>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 99,494	\$ 89,711	\$ 86,513	\$ (3,198)
Housing assistance payments	(90,449)	(87,518)	(86,513)	1,005
Other nonoperating revenue				-
Gain (loss) on disposition of assets				-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 9,045</b>	<b>\$ 2,193</b>	<b>\$ -</b>	<b>\$ (2,193)</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$333,960	\$163,852	\$28,482	\$13,540	\$103,629	\$643,463		\$643,463
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		\$179,309				\$179,309		\$179,309
114 Cash - Tenant Security Deposits	\$12,446				\$3,326	\$15,772		\$15,772
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$346,406	\$343,161	\$28,482	\$13,540	\$106,955	\$838,544	\$0	\$838,544
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government		\$1,229	\$1,518	\$11,460		\$14,207		\$14,207
125 Accounts Receivable - Miscellaneous								
126 Accounts Receivable - Tenants	\$612				\$229	\$841		\$841
126.1 Allowance for Doubtful Accounts - Tenants	-\$28			\$0	\$0	-\$28		-\$28
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$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	\$584	\$1,229	\$1,518	\$11,460	\$229	\$15,020	\$0	\$15,020
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets								
143 Inventories	\$2,633					\$2,633		\$2,633
143.1 Allowance for Obsolete Inventories	-\$53					-\$53		-\$53
144 Inter Program Due From					\$55,000	\$55,000	\$55,000	\$110,000
145 Assets Held for Sale								
150 Total Current Assets	\$349,570	\$344,390	\$30,000	\$25,000	\$162,184	\$911,144	\$55,000	\$966,144
161 Land	\$436,727				\$294,810	\$731,537		\$731,537
162 Buildings	\$4,460,056				\$397,913	\$4,857,969		\$4,857,969
163 Furniture, Equipment & Machinery - Dwellings	\$53,759					\$53,759		\$53,759
164 Furniture, Equipment & Machinery - Administration	\$89,522	\$65,516			\$21,863	\$176,901		\$176,901
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$2,742,125	-\$65,516			-\$144,198	-\$2,951,839		-\$2,951,839
167 Construction in Progress	\$0				\$210,740	\$210,740		\$210,740

Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,297,939	\$0	\$0	\$0	\$781,128	\$3,079,067	\$0	\$3,079,067
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	\$2,297,939	\$0	\$0	\$0	\$781,128	\$3,079,067	\$0	\$3,079,067
190 Total Assets	\$2,647,509	\$344,390	\$30,000	\$25,000	\$943,312	\$3,990,211	\$55,000	\$4,045,211
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$2,647,509	\$344,390	\$30,000	\$25,000	\$943,312	\$3,990,211	\$55,000	\$4,045,211
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$96	\$18,284				\$18,380		\$18,380
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$7,603					\$7,603		\$7,603
322 Accrued Compensated Absences - Current Portion	\$582	\$1,591				\$2,173		\$2,173
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	\$12,446				\$3,326	\$15,772		\$15,772
342 Unearned Revenue	\$402					\$402		\$402
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
347 Inter Program - Due To			\$30,000	\$25,000		\$55,000	\$55,000	\$110,000
348 Loan Liability - Current								
310 Total Current Liabilities	\$21,129	\$19,875	\$30,000	\$25,000	\$3,326	\$99,330	\$55,000	\$154,330
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings								



Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$7,727	\$21,140				\$28,867		\$28,867
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$7,727	\$21,140	\$0	\$0	\$0	\$28,867	\$0	\$28,867
300 Total Liabilities	\$28,856	\$41,015	\$30,000	\$25,000	\$3,326	\$128,197	\$55,000	\$183,197
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$2,297,939				\$781,128	\$3,079,067		\$3,079,067
511.4 Restricted Net Position		\$179,309	\$0	\$0		\$179,309		\$179,309
512.4 Unrestricted Net Position	\$320,714	\$124,066	\$0	\$0	\$158,858	\$603,638		\$603,638
513 Total Equity - Net Assets / Position	\$2,618,653	\$303,375	\$0	\$0	\$939,986	\$3,862,014	\$0	\$3,862,014
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,647,509	\$344,390	\$30,000	\$25,000	\$943,312	\$3,990,211	\$55,000	\$4,045,211

Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$70,668				\$30,748	\$101,416		\$101,416
70400 Tenant Revenue - Other	\$1,607				\$97	\$1,704		\$1,704
70500 Total Tenant Revenue	\$72,275	\$0	\$0	\$0	\$30,845	\$103,120	\$0	\$103,120
70600 HUD PHA Operating Grants	\$164,891	\$3,916,284				\$4,081,175		\$4,081,175
70610 Capital Grants	\$123,566					\$123,566		\$123,566
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	\$0	\$7,500	\$86,513	\$109,138		\$203,151		\$203,151
71100 Investment Income - Unrestricted	\$0					\$0		\$0
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$21,740				\$21,740		\$21,740
71500 Other Revenue		\$5,135				\$5,135		\$5,135
71600 Gain or Loss on Sale of Capital Assets	\$0					\$0		\$0
72000 Investment Income - Restricted	\$0					\$0		\$0
70000 Total Revenue	\$360,732	\$3,950,659	\$86,513	\$109,138	\$30,845	\$4,537,887	\$0	\$4,537,887
91100 Administrative Salaries	\$56,512	\$248,865		\$4,678		\$310,055		\$310,055
91200 Auditing Fees	\$8,500	\$11,500				\$20,000		\$20,000
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$17,519	\$96,450		\$2,504		\$116,473		\$116,473
91600 Office Expenses		\$60				\$60		\$60
91700 Legal Expense								
91800 Travel	\$657	\$6,846		\$109		\$7,612		\$7,612
91810 Allocated Overhead								
91900 Other	\$4,922	\$27,989			\$245	\$33,156		\$33,156
91000 Total Operating - Administrative	\$88,110	\$391,710	\$0	\$7,291	\$245	\$487,356	\$0	\$487,356

Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other				\$789		\$789		\$789
92500 Total Tenant Services	\$0	\$0	\$0	\$789	\$0	\$789	\$0	\$789
93100 Water	\$15,928	\$631			\$95	\$16,654		\$16,654
93200 Electricity	\$5,437	\$1,293			\$57	\$6,787		\$6,787
93300 Gas	\$1,440	\$375			\$100	\$1,915		\$1,915
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$22,805	\$2,299	\$0	\$0	\$252	\$25,356	\$0	\$25,356
94100 Ordinary Maintenance and Operations - Labor	\$45,915				\$0	\$45,915		\$45,915
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,760	\$2,810			\$7,065	\$27,635		\$27,635
94300 Ordinary Maintenance and Operations Contracts	\$25,191	\$18,593		\$1,120	\$3,142	\$48,046		\$48,046
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,529					\$14,529		\$14,529
94000 Total Maintenance	\$103,395	\$21,403	\$0	\$1,120	\$10,207	\$136,125	\$0	\$136,125
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	\$0	\$0	\$0
96110 Property Insurance	\$6,967				\$549	\$7,516		\$7,516
96120 Liability Insurance		\$9,176				\$9,176		\$9,176
96130 Workmen's Compensation	\$33	\$69				\$102		\$102
96140 All Other Insurance								
96100 Total Insurance Premiums	\$7,000	\$9,245	\$0	\$0	\$549	\$16,794	\$0	\$16,794
96200 Other General Expenses	\$0	\$6,922				\$6,922		\$6,922
96210 Compensated Absences	\$502					\$502		\$502

Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	\$2,627					\$2,627		\$2,627
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$3,129	\$6,922	\$0	\$0	\$0	\$10,051	\$0	\$10,051
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	\$0	\$0	\$0
96900 Total Operating Expenses	\$224,439	\$431,579	\$0	\$9,200	\$11,253	\$676,471	\$0	\$676,471
97000 Excess of Operating Revenue over Operating Expenses	\$136,293	\$3,519,080	\$86,513	\$99,938	\$19,592	\$3,861,416	\$0	\$3,861,416
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$3,470,174	\$86,513	\$99,938		\$3,656,625		\$3,656,625
97350 HAP Portability-In		\$3,711				\$3,711		\$3,711
97400 Depreciation Expense	\$157,422	\$913			\$11,937	\$170,272		\$170,272
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$381,861	\$3,906,377	\$86,513	\$109,138	\$23,190	\$4,507,079	\$0	\$4,507,079
10010 Operating Transfer In	\$15,268					\$15,268		\$15,268
10020 Operating transfer Out	-\$15,268					-\$15,268		-\$15,268
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit	\$0					\$0		\$0
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								

Western Regional Housing Authority (NM067)  
Silver City, NM

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$21,129	\$44,282	\$0	\$0	\$7,655	\$30,808	\$0	\$30,808
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,639,782	\$259,093	\$0	\$0	\$932,331	\$3,831,206		\$3,831,206
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0				\$0	\$0		\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity		\$124,066				\$124,066		\$124,066
11180 Housing Assistance Payments Equity		\$179,309				\$179,309		\$179,309
11190 Unit Months Available	648	10932			60	11640		11640
11210 Number of Unit Months Leased	641	8888			58	9587		9587
11270 Excess Cash	\$307,158					\$307,158		\$307,158
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$123,566					\$123,566		\$123,566
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0		\$0

Western Regional Housing Authority (NM067)  
Silver City, NM  
**Single Project Revenue and Expense**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$70,668	\$0	\$70,668
70400 Tenant Revenue - Other	\$1,607	\$0	\$1,607
70500 Total Tenant Revenue	\$72,275	\$0	\$72,275
70600 HUD PHA Operating Grants	\$149,623	\$15,268	\$164,891
70610 Capital Grants		\$123,566	\$123,566
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	\$0		\$0
71100 Investment Income - Unrestricted	\$0		\$0
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets	\$0		\$0
72000 Investment Income - Restricted	\$0		\$0
70000 Total Revenue	\$221,898	\$138,834	\$360,732
91100 Administrative Salaries	\$56,512		\$56,512
91200 Auditing Fees	\$8,500		\$8,500
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$17,519		\$17,519

Western Regional Housing Authority (NM067)  
Silver City, NM  
**Single Project Revenue and Expense**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	\$657		\$657
91810 Allocated Overhead			
91900 Other	\$4,922		\$4,922
91000 Total Operating - Administrative	\$88,110	\$0	\$88,110
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$15,928		\$15,928
93200 Electricity	\$5,437		\$5,437
93300 Gas	\$1,440		\$1,440
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$22,805	\$0	\$22,805
94100 Ordinary Maintenance and Operations - Labor	\$45,915		\$45,915
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,760		\$17,760
94300 Ordinary Maintenance and Operations Contracts	\$25,191		\$25,191
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,529		\$14,529
94000 Total Maintenance	\$103,395	\$0	\$103,395

Western Regional Housing Authority (NM067)  
Silver City, NM  
**Single Project Revenue and Expense**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
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
96110 Property Insurance	\$6,967		\$6,967
96120 Liability Insurance			
96130 Workmen's Compensation	\$33		\$33
96140 All Other Insurance			
96100 Total insurance Premiums	\$7,000	\$0	\$7,000
96200 Other General Expenses	\$0		\$0
96210 Compensated Absences	\$502		\$502
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$2,627		\$2,627
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$3,129	\$0	\$3,129
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
96900 Total Operating Expenses	\$224,439	\$0	\$224,439
97000 Excess of Operating Revenue over Operating Expenses	-\$2,541	\$138,834	\$136,293



Western Regional Housing Authority (NM067)  
Silver City, NM  
**Single Project Revenue and Expense**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$157,422		\$157,422
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$381,861	\$0	\$381,861
10010 Operating Transfer In	\$15,268		\$15,268
10020 Operating transfer Out		-\$15,268	-\$15,268
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit		\$0	\$0
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)	\$15,268	-\$15,268	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$144,695	\$123,566	-\$21,129
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,639,782	\$0	\$2,639,782
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$123,566	-\$123,566	\$0

Western Regional Housing Authority (NM067)  
Silver City, NM  
**Single Project Revenue and Expense**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
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			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	648		648
11210 Number of Unit Months Leased	641		641
11270 Excess Cash	\$307,158		\$307,158
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$123,566	\$0	\$123,566
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

Western Regional Housing Authority  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2014

	Type of Account	Bank Balance	Reconciled Balance
<u>Wells Fargo Bank</u>			
Housing Assistance Payments	Checking	\$ 3,772	\$ -
Voucher	Checking	303,013	343,011
Southwest Housing Assistance	Checking	107,096	106,955
Low Rent Public Housing	Checking	414,371	338,703
Linkages	Checking	14,077	13,540
Payroll	Checking	10,142	7,603
MFA	Checking	28,970	28,482
 Total bank deposits		 \$ 881,441	 \$ 838,294
 Petty cash			 250
 Total cash per financial statements			 \$ 838,544

Western Regional Housing Authority  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
 June 30, 2014

	Wells Fargo Bank
Checking accounts	881,441
Less FDIC insurance	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 631,441</u>
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 315,721
Total collateralization requirement	<u>\$ 315,721</u>
Pledged securities: FG G08525 3%, cusip no. 3128MJSP6, maturing 5/1/43	<u>676,211</u>
Pledged securities over (under) requirement	<u>\$ 360,491</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, 2014

<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>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct programs:			
Public and Indian Housing	14.850	N/A	\$ 149,623
Section 8 Housing Choice Vouchers	14.871	N/A	3,916,284
Public Housing Capital Fund	14.872	N/A	138,834
Passed through NM Mortgage Finance Authority:			
Home Investment Partnership Program	14.239	11-01-WST-TBA-001	-
Emergency Solutions Grant Program	14.231	11-01-WST-TBA-001	<u>86,513</u>
Total U.S. Department of Housing and Urban Development and total expenditures of federal awards			<u><u>\$ 4,291,254</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, 2014

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, 2014

**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.  
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**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***

**INDEPENDENT AUDITOR'S REPORT**

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, 2014, 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 23, 2014.

**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 23, 2014

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

**INDEPENDENT AUDITOR'S REPORT**

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, 2014. 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, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

Western Regional Housing Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Western Regional Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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, McGee & Co., CPAs*

Silver City, New Mexico  
September 23, 2014

*Stone, McGee & Co.*  
*Certified Public Accountants*

Western Regional Housing Authority  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Fiscal Year Ended June 30, 2014

**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**

2014-001 Department Of Housing and Urban Development (other)

Section 8 Housing Choice Vouchers, CFDA No. 14.871, Contract NO. NM067, for year ended June 30. 2014.

Condition – In 5 of 40 applicant files tested, there was no sexual offender search performed.

Criteria – Pursuant to 24 C.F.R. Sections 5.856 and 5.905 the Authority must perform criminal background checks during the application stage to determine if the applicant, or a member of the applicant’s household, is subject to a lifetime registration requirement under and State sex offender registration program.

Effect – The Authority has not complied with federal regulations, and registered sexual offenders may be housed in housing provided by the program.

Cause – The Authority was not able to search the databases for these persons due to a failure on the part of the national database access, and the files were not updated when the website was available.

Recommendation – We recommend that the Authority perform the required background checks.

Agency Response – The searches were performed as soon as this issue was brought to our attention. Additionally, we have modified our policy to ensure that these searches are performed on a timely basis.

## **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 4, 2014. 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
Kay Stone	Shareholder	Stone, McGee & Co., C.P.A.’s