

State of New Mexico
Western Regional Housing Authority

FINANCIAL STATEMENTS
With Independent Auditor's Report Thereon

For The Fiscal Year Ended June 30, 2015

Western Regional Housing Authority
TABLE OF CONTENTS
 June 30, 2015

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION: | |
| Directory of officials | 1 |
| FINANCIAL SECTION: | |
| INDEPENDENT AUDITORS' REPORT | 2-4 |
| REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis | 5-11 |
| BASIC FINANCIAL STATEMENTS: | |
| <i>Government-wide Financial Statements:</i> | |
| Statement of Net Position | 12-13 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | 14-15 |
| Statement of Cash Flows | 16-19 |
| Notes to Financial Statements | 20-34 |
| OTHER SUPPLEMENTARY INFORMATION: | |
| Statements of Revenues and Expenses - Budget and Actual: | |
| Low Rent Public Housing | 35 |
| Housing Choice Vouchers | 36 |
| Southwest Housing Assistance | 37 |
| State and Local | 38 |
| Emergency Shelter Grant | 39 |
| OTHER SUPPLEMENTAL DATA: | |
| Required supplementary information: | |
| Schedule of the proportionate share of the net pension liability of PERA Fund Division Municipal General | 40 |
| Schedule of contributions, Public Employees Retirement Association (PERA) plan, PERA Fund Division Municipal General | 41 |
| Notes to required supplementary information | 42 |
| Financial Data Schedule | 43-55 |
| Schedule of Individual Deposit Accounts and Investments | 56 |
| Schedule of Depository Collateral | 57 |
| Schedule of Expenditures of Federal Awards | 58 |
| Notes to Schedule of Expenditures of Federal Awards | 59 |

ADDITIONAL REPORTING REQUIREMENTS:

| | |
|---|-------|
| Summary Schedule of Prior Audit Findings | 60 |
| 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 <i>Government Auditing Standards</i> | 61-62 |
| Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 | 63-64 |
| Schedule of Findings and Questioned Costs | 65-66 |

Western Regional Housing Authority
DIRECTORY OF OFFICIALS
June 30, 2015

COMMISSIONERS

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

Chairman
Vice-Chairman
Treasurer
Secretary
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.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: admin@stone-mogee.com

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, 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, 2015, 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, 2015, 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, 2015, 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 purposed of additional analysis and are not a required part of the basic financial statements.

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

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2015, 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 25, 2015

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, 2015. 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 \$3,183 (net position). Of this amount, \$244 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position decreased by \$679. Of this amount, \$472 decrease was attributable to Housing Choice Voucher activities, Low Rent Public Housing generated a decrease of \$230, Southwest Housing Assistance activities generated a \$29 increase and State/Local decreased \$6. The substantial decrease in net position was a result of the implementation of GASB 68.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund were \$262, or 64% 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 \$3,183 at the close of the most recent fiscal year.

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

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

| | <u>June 30,</u> <u>2014</u> | <u>June 30,</u> <u>2015</u> |
|--|--------------------------------|--------------------------------|
| Assets | | |
| Current Assets | 661 | 691 |
| Restricted Assets | 195 | 41 |
| Capital Assets, Net | <u>3079</u> | <u>2913</u> |
| Total Assets | 3935 | 3645 |
| Deferred Outflow of Resources | | |
| Related to Pension Plans | <u>0</u> | <u>30</u> |
| Total Assets and Deferred Outflow of Resources | <u>3935</u> | <u>3675</u> |
| Liabilities | | |
| Current Liabilities | 44 | 28 |
| Noncurrent Liabilities | 29 | 342 |
| Total Liabilities | <u>73</u> | <u>370</u> |
| Deferred Inflows of Resources | | |
| Related to Pension Plans | 0 | 121,985 |
| Net Position | | |
| Net Investment in Capital Assets | 3079 | 2913 |
| Restricted | 179 | 26 |
| Unrestricted | <u>604</u> | <u>244</u> |
| Total Net Position | <u>3862</u> | <u>3183</u> |
| Total Liabilities, Deferred Inflow of Resources & Net Position | <u>3935</u> | <u>3675</u> |

An additional portion of the Western Regional Housing Authority's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$244) 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, for the government as a whole. The Housing Choice Voucher Program and the State and Local Program reported negative balances in unrestricted net position, this is due to the implementation of GASB 68. The Low Rent Public Housing Program also had a decrease of \$59 as a result of GASB 68.

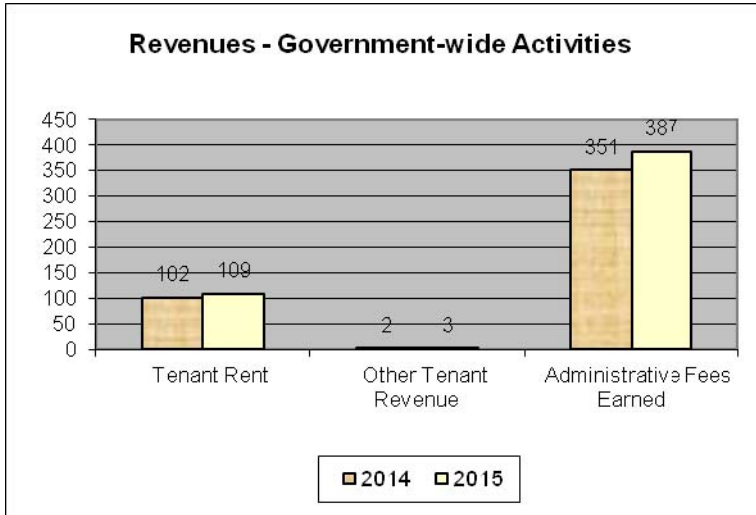
There was a decrease of \$153 in restricted net position reported by the Housing Authority as compared to the prior year. The decrease was due to the Housing Authority having to utilize their HAP Reserves to maintain lease up, due to cutbacks in the HAP Subsidy.

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

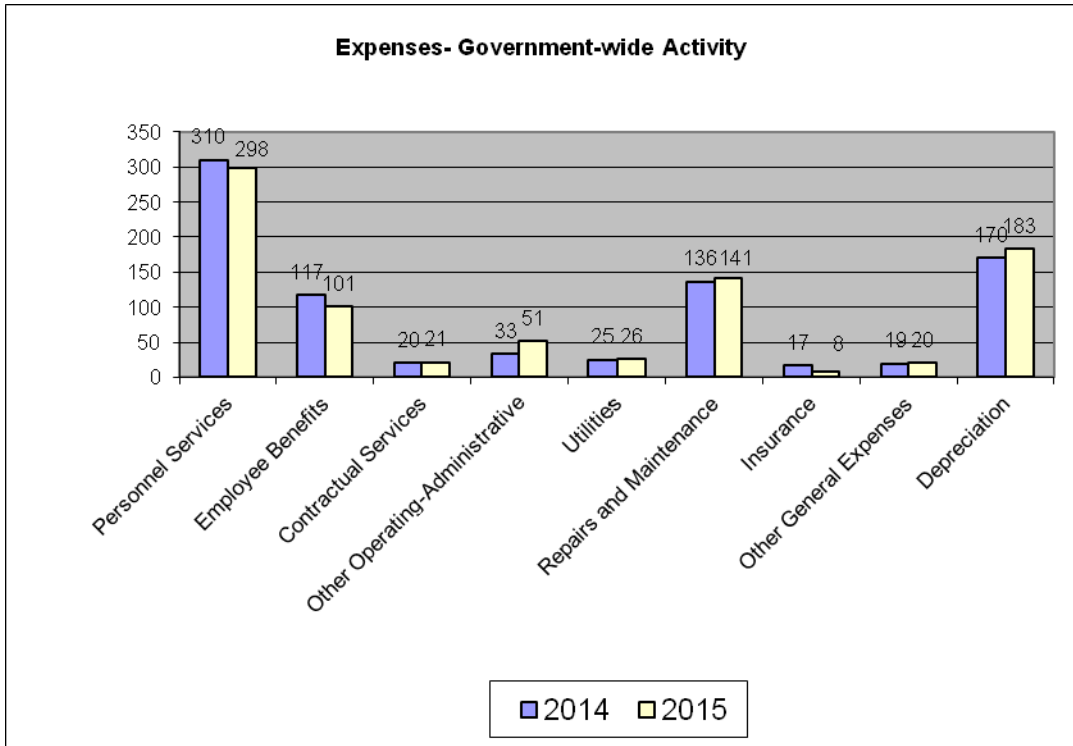
| | <u>June 30, 2014</u> | <u>June 30, 2015</u> |
|---|--------------------------|--------------------------|
| Revenues: | | |
| Tenant Rent | 102 | 109 |
| Other Tenant Revenue | 2 | 3 |
| Administrative Fees Earned | 351 | 387 |
| Total Revenue | <u>455</u> | <u>499</u> |
| Expenses: | | |
| Personnel Services | 310 | 298 |
| Employee Benefits | 117 | 101 |
| Contractual Services | 20 | 21 |
| Other Operating-Administrative | 33 | 51 |
| Utilities | 25 | 26 |
| Repairs and Maintenance | 136 | 141 |
| Insurance | 17 | 8 |
| Other General Expenses | 19 | 20 |
| Depreciation | 170 | 183 |
| Total Expenses | <u>847</u> | <u>849</u> |
| Operating Income (Loss) | <u>(392)</u> | <u>(350)</u> |
| Non-Operating Revenues (Expenses) | | |
| Intergovernmental Grants | 4056 | 4024 |
| Housing Assistance Payments | (3660) | (3952) |
| Other Non-Operating Revenue | 27 | 19 |
| Gain (Loss) on Sale of Fixed Assets | | |
| Total Non-Operating Revenue (Expenses) | <u>423</u> | <u>91</u> |
| Income (Loss) before Capital Contributions & Transfers | <u>31</u> | <u>(259)</u> |
| Mod Grants | <u>0</u> | <u>0</u> |
| Change in Net Position | <u><u>31</u></u> | <u><u>(259)</u></u> |

| | |
|---|--------------|
| Net Position, July 1, 2015, as originally stated | 3862 |
| Restatement | <u>(420)</u> |
| Net position, as restated | 3442 |
| Change in net position | <u>(259)</u> |
| Net position, end of year | <u>3183</u> |

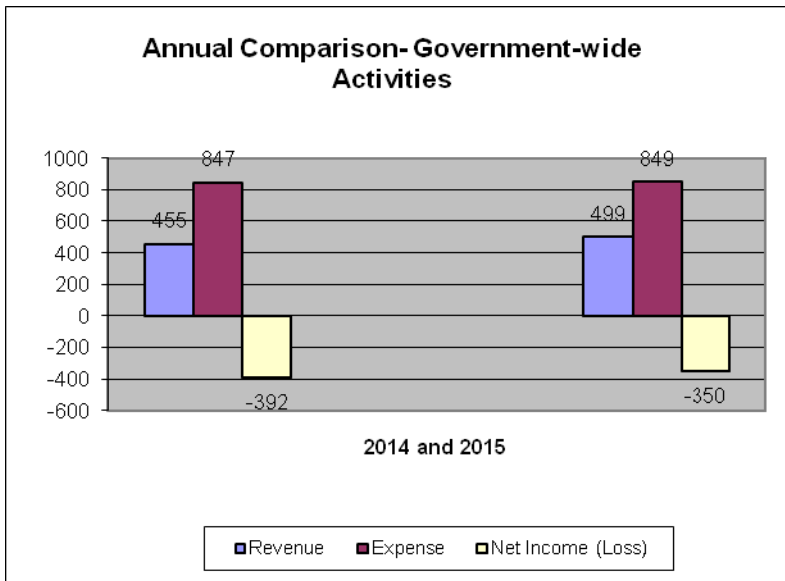
Total revenues increased \$44 about 10% during the year. This is the result of an increase in administrative fees, due to increased leasing.



Total expenses increased \$2 or not quite 1% as compared to the prior year.



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 \$5; operating expenses remained under the budget plan by \$57 after adjusting for Depreciation Expenses of \$183, 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, 2015, amounts to \$2913 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, furnishings and equipment.

**Western Regional Housing Authority
Capital Assets (Net of Depreciation)**

| | June 30, 2015 |
|---|--------------------------|
| Land and Improvements | 731,537 |
| Buildings, Systems and Improvements | 1,965,268 |
| Furniture, Fixtures and Equipment | 5,278 |
| Construction in Progress | 210,740 |
| | <hr/> |
| Total Fixed Assets, Net of Accumulated Depreciation | <u>2,912,823</u> |

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term debt in the amount of \$342. This is an increase of \$313 from last year. \$311 of the increase is Net Pension Liability that we are now required to report as a result of GASB 68.

Economic Factors:

- The unemployment rate in Grant County as of July 2015, reported by the New Mexico Department of Workforce Solutions, is 7.1%, which is slightly lower than last year. This is equal to the state's average unemployment rate of 7.1%. The unemployment rate in Luna County as of July 2015 increased slightly from 14.6% last year to 15.1%, 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, 2015

| | <u>Low Rent Public Housing</u> | <u>Housing Choice Vouchers</u> | <u>Southwest Housing Assistance</u> |
|--|--|--|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 355,424 | \$ 143,753 | \$ 108,154 |
| Interfund receivable | | 745 | 60,000 |
| Accounts receivable (net) | 3,506 | 2,365 | 15,291 |
| Inventory | 2,063 | | |
| Total current assets | <u>\$ 360,993</u> | <u>\$ 146,863</u> | <u>\$ 183,445</u> |
| Noncurrent assets: | | | |
| Restricted: | | | |
| Cash | \$ 11,915 | \$ 25,900 | \$ 2,882 |
| Capital assets, net | <u>2,127,295</u> | | <u>785,528</u> |
| Total noncurrent assets | <u>\$ 2,139,210</u> | <u>\$ 25,900</u> | <u>\$ 788,410</u> |
| Total assets | <u>\$ 2,500,203</u> | <u>\$ 172,763</u> | <u>\$ 971,855</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pension plan | <u>\$ 6,112</u> | <u>\$ 23,478</u> | <u>\$ -</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 9,515 | \$ 2,645 | \$ - |
| Interfund payable | | | |
| Compensated absences | 309 | 980 | |
| Unearned revenue | 22 | | |
| Tenant deposits (payable from restricted assets) | <u>11,915</u> | | <u>2,882</u> |
| Total current liabilities | <u>\$ 21,761</u> | <u>\$ 3,625</u> | <u>\$ 2,882</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | \$ 63,249 | \$ 242,941 | \$ - |
| Compensated absences | <u>7,429</u> | <u>23,535</u> | |
| Total noncurrent liabilities | <u>\$ 70,678</u> | <u>\$ 266,476</u> | <u>\$ -</u> |
| Total liabilities | <u>\$ 92,439</u> | <u>\$ 270,101</u> | <u>\$ 2,882</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension plans | <u>\$ 24,787</u> | <u>\$ 95,209</u> | <u>\$ -</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 2,127,295 | \$ - | \$ 785,528 |
| Restricted for housing assistance payments | | 25,900 | |
| Unrestricted | <u>261,794</u> | <u>(194,969)</u> | <u>183,445</u> |
| Total net position | <u>\$ 2,389,089</u> | <u>\$ (169,069)</u> | <u>\$ 968,973</u> |

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

| State and Local | Emergency Shelter | Total* |
|--------------------------|----------------------|----------------------------|
| \$ 17,142 | \$ 29,372 | \$ 653,845 |
| 13,603 | 628 | 35,393 |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>\$ 691,301</u> |
| \$ - | \$ - | \$ 40,697 |
| <u>\$ -</u> | <u>\$ -</u> | <u>2,912,823</u> |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>\$ 2,953,520</u> |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>\$ 3,644,821</u> |
| <u>\$ 491</u> | <u>\$ -</u> | <u>\$ 30,081</u> |
| \$ - | \$ - | \$ 12,160 |
| 30,745 | 30,000 | 1,289 |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>22</u> |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>14,797</u> |
| <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>\$ 28,268</u> |
| \$ 5,073 | \$ - | \$ 311,263 |
| <u>\$ 5,073</u> | <u>\$ -</u> | <u>30,964</u> |
| <u>\$ 5,073</u> | <u>\$ -</u> | <u>\$ 342,227</u> |
| <u>\$ 35,818</u> | <u>\$ 30,000</u> | <u>\$ 370,495</u> |
| <u>\$ 1,989</u> | <u>\$ -</u> | <u>\$ 121,985</u> |
| \$ - | \$ - | \$ 2,912,823 |
| (6,571) | - | 25,900 |
| <u>(6,571)</u> | <u>-</u> | <u>243,699</u> |
| <u><u>\$ (6,571)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,182,422</u></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, 2015

| | Low Rent Public Housing | Housing Choice Vouchers | Southwest Housing Assistance |
|---|-------------------------------|-------------------------------|------------------------------------|
| Operating revenues: | | | |
| Tenant rent | \$ 79,132 | \$ - | \$ 30,532 |
| Other tenant revenue | 2,907 | | 73 |
| Administration fees | | 386,776 | |
| Total operating revenues | \$ 82,039 | \$ 386,776 | \$ 30,605 |
| Operating expenses: | | | |
| Personnel services | \$ 60,224 | \$ 232,980 | \$ - |
| Employee benefits | 16,397 | 82,459 | |
| Contractual services | 8,500 | 13,000 | |
| Other administrative | 5,368 | 45,164 | 222 |
| Utilities | 23,499 | 2,207 | 228 |
| Repairs and maintenance | 114,636 | 23,949 | 1,979 |
| Insurance | 4,787 | 2,723 | 367 |
| Other general expenses | 5,553 | 11,239 | 1,885 |
| Depreciation | 170,644 | | 11,937 |
| Total operating expenses | \$ 409,608 | \$ 413,721 | \$ 16,618 |
| Operating income (loss) | \$ (327,569) | \$ (26,945) | \$ 13,987 |
| Nonoperating revenue (expense): | | | |
| Intergovernmental grants - Federal | \$ 174,462 | \$ 3,620,794 | \$ - |
| Intergovernmental grants - State | 8,944 | 26,056 | 15,000 |
| Housing assistance payments | | (3,783,165) | |
| Other nonoperating revenue | | 18,844 | |
| Gain (loss) on disposition of assets | | | |
| Total nonoperating revenues (expenses) | \$ 183,406 | \$ (117,471) | \$ 15,000 |
| Income (loss) before capital contributions and transfers: | \$ (144,163) | \$ (144,416) | \$ 28,987 |
| Change in net position | \$ (144,163) | \$ (144,416) | \$ 28,987 |
| Net position, July 1, 2014, as originally stated | \$ 2,618,653 | \$ 303,375 | \$ 939,986 |
| Restatement | (85,401) | (328,028) | |
| Net position, July 1, 2014, as restated | \$ 2,533,252 | \$ (24,653) | \$ 939,986 |
| Change in net position | (144,163) | (144,416) | 28,987 |
| Net position, June 30, 2015 | \$ 2,389,089 | \$ (169,069) | \$ 968,973 |

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

| State and Local | Emergency Shelter | Total |
|------------------------------|---------------------------|---|
| \$ - | \$ - | \$ 109,664 2,980 <u>386,776</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 499,420</u> |
| \$ 4,814 2,321 | \$ - | \$ 298,018 101,177 21,500 50,754 25,934 141,524 7,877 20,203 <u>182,581</u> |
| 960 | | |
| 1,526 | | |
| <u>\$ 9,621</u> | <u>\$ -</u> | <u>\$ 849,568</u> |
| <u>\$ (9,621)</u> | <u>\$ -</u> | <u>\$ (350,148)</u> |
| \$ - 121,928 (112,028) | \$ 56,665 (56,665) | \$ 3,851,921 171,928 (3,951,858) 18,844 - |
| <u>\$ 9,900</u> | <u>\$ -</u> | <u>\$ 90,835</u> |
| <u>\$ 279</u> | <u>\$ -</u> | <u>\$ (259,313)</u> |
| <u><u>\$ 279</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (259,313)</u></u> |
| \$ - | \$ - | \$ 3,862,014 |
| <u>(6,850)</u> | | <u>(420,279)</u> |
| \$ (6,850) | \$ - | \$ 3,441,735 |
| <u>279</u> | <u>-</u> | <u>(259,313)</u> |
| <u><u>\$ (6,571)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,182,422</u></u> |

Western Regional Housing Authority
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2015

| | <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 | \$ 79,863 | \$ 386,776 | \$ 28,242 |
| Payments to vendors | (161,829) | (113,921) | (2,824) |
| Payments to employees | (78,850) | (327,011) | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by operating activities | \$ (160,816) | \$ (54,156) | \$ 25,418 |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from noncapital and related financing activities: | | | |
| Intergovernmental grants | \$ 181,749 | \$ 3,645,714 | \$ - |
| Housing assistance payments | | (3,783,165) | |
| Transfers | | | |
| Interfund activities | | (745) | (5,000) |
| Other nonoperating revenues | | 18,844 | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by noncapital and related financing activities | \$ 181,749 | \$ (119,352) | \$ (5,000) |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from capital and related financing activities: | | | |
| Intergovernmental grants | \$ - | \$ - | \$ - |
| Purchase of capital assets | | | (16,337) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided (used) by capital and related financing activities | \$ - | \$ - | \$ (16,337) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net increase (decrease) in cash | \$ 20,933 | \$ (173,508) | \$ 4,081 |
| Cash, beginning of year | <u>346,406</u> | <u>343,161</u> | <u>106,955</u> |
| Cash, end of year | <u><u>\$ 367,339</u></u> | <u><u>\$ 169,653</u></u> | <u><u>\$ 111,036</u></u> |

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

| State and Local | Emergency Shelter | Total |
|-----------------------|----------------------|---------------------|
| \$ - | \$ - | \$ 494,881 |
| (9,900) | | (278,574) |
| <u>(9,900)</u> | | <u>(415,761)</u> |
| | | |
| <u>\$ (9,900)</u> | <u>\$ -</u> | <u>\$ (199,454)</u> |
| | | |
| \$ 119,785 | \$ 57,555 | \$ 4,004,803 |
| (112,028) | (56,665) | (3,951,858) |
| 5,745 | | - |
| | | - |
| | | 18,844 |
| <u>13,502</u> | <u>890</u> | <u>71,789</u> |
| | | |
| \$ - | \$ - | \$ - |
| | | (16,337) |
| <u>-</u> | <u>-</u> | <u>(16,337)</u> |
| | | |
| \$ 3,602 | \$ 890 | \$ (144,002) |
| 13,540 | 28,482 | 838,544 |
| <u>17,142</u> | <u>29,372</u> | <u>694,542</u> |

Western Regional Housing Authority
STATEMENT OF CASH FLOWS (concluded)
For the Fiscal Year Ended June 30, 2015

| | 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) | \$ (327,569) | \$ (26,945) | \$ 13,987 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 170,644 | | 11,937 |
| Provision for bad debts | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (1,265) | | (62) |
| Prepaid expenses | | | |
| Inventory | 514 | | |
| Increase (decrease) in: | | | |
| Accounts payable | 540 | (15,639) | |
| Pension plan payable | (3,477) | (13,356) | |
| Payroll taxes payable | 1,276 | | |
| Compensated absences | (568) | 1,784 | |
| Unearned revenue | (380) | | |
| Tenant deposits | (531) | | (444) |
| Net cash provided by operating activities | \$ (160,816) | \$ (54,156) | \$ 25,418 |

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

| <u>State and Local</u> | <u>Emergency Shelter</u> | <u>Total</u> |
|--------------------------------|------------------------------|---------------------|
| \$ (9,621) | \$ - | \$ (350,148) |
| | | 182,581 |
| | | - |
| | | (1,327) |
| | | - |
| | | 514 |
| | | (15,099) |
| (279) | | (17,112) |
| | | 1,276 |
| | | 1,216 |
| | | (380) |
| | | (975) |
| <u>\$ (9,900)</u> | <u>\$ -</u> | <u>\$ (199,454)</u> |

Western Regional Housing Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 treasurer’s 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 has deferred outflows of resources related to pension plans as discussed in Note 6.

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 deferred inflows of resources related to pension plans as discussed in Note 6.

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, and net pension liability.

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, 2015, \$-0- of the Authority's bank balance of \$705,664 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 agent in Authority's name | 455,664 | 444,292 |
| Uninsured | <u>-0-</u> | <u>-0-</u> |
| | <u>\$ 705,664</u> | <u>\$ 694,292</u> |

Note 3 Accounts Receivables

| | |
|----------------------------|------------------|
| Due from tenants | \$ 555 |
| Due from other governments | <u>34,838</u> |
| Net receivables | <u>\$ 35,393</u> |

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

| | <u>Balance July 1, 2014</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2015</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 | \$ 4,857,970 | \$ 16,337 | \$ -0- | \$ 4,874,307 |
| Equipment/furnishings | <u>230,660</u> | <u> </u> | <u>-0-</u> | <u>230,660</u> |
| Total other assets at historical cost | <u>\$ 5,088,630</u> | <u>\$ 16,337</u> | <u>\$ -0-</u> | <u>\$ 5,104,967</u> |

| | | | | |
|------------------------------------|----------------------|---------------------|---------------|----------------------|
| Less accumulated depreciation for: | | | | |
| Buildings/improvements | \$(2,730,259) | \$ (177,723) | \$ -0- | \$(2,907,982) |
| Equipment/furnishings | <u>(221,581)</u> | <u>(4,858)</u> | <u>-0-</u> | <u>(226,439)</u> |
| Total accumulated depreciation | <u>\$(2,951,840)</u> | <u>\$ (182,581)</u> | <u>\$ -0-</u> | <u>\$(3,134,421)</u> |
| Other capital assets (net) | <u>\$ 2,136,790</u> | <u>\$ (166,244)</u> | <u>\$ -0-</u> | <u>\$ 1,970,546</u> |
| Capital assets, net | <u>\$ 3,079,067</u> | <u>\$ (166,244)</u> | <u>\$ -0-</u> | <u>\$ 2,912,823</u> |

Note 5 Compensated Absences

Changes in compensated absences were as follows for the year ended June 30, 2015:

| | Balance <u>July 1, 2014</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>June 30, 2015</u> |
|--|--------------------------------|------------------|--------------------|---------------------------------|
| | <u>\$ 31,040</u> | <u>\$ 23,612</u> | <u>\$ 22,399</u> | <u>\$ 32,253</u> |

Amounts due:

| | |
|-----------|------------------|
| Current | \$ 1,289 |
| Long-term | <u>30,964</u> |
| | <u>\$ 32,253</u> |

Note 6 Pension Plan – Public Employees Retirement Association

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description – The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State, General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of

this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits Provided – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

Contributions – The contribution requirements of defined benefit plan members and the Western Regional Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to The Authority are the Municipal General. Statutorily required contributions to the pension plan from the Authority were \$30,051 and employer paid member benefits that were “picked up” by the employer were \$-0- for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Authority’s proportion of the net

pension liability for each member group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division – Municipal General, at June 30, 2015, the Authority reported a liability of \$311,263 for its proportionate share of the net pension liability. At June 30, 2014, the Authority's proportion was .0399 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Authority recognized PERA Fund Division Municipal General pension expense of \$12,969. At June 30, 2015, the Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions | - | 211 |
| Net difference between projected and actual earnings on pension plan investments | - | 121,774 |
| Changes in proportion and differences between the Authority contributions and proportionate share of contributions | - | - |
| The Authority's contributions subsequent to the measurement date | <u>30,081</u> | <u>-</u> |
| Total | <u>\$ 30,081</u> | <u>\$ 121,985</u> |

\$30,081 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|-----------|
| 2016 | \$ 30,496 |
| 2017 | 30,496 |
| 2018 | 30,496 |
| 2019 | 30,496 |
| 2020 | 1 |
| Thereafter | - |

Actuarial Assumptions – As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

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

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

| Expected ALL FUNDS – Asset Class Return | Target Allocation | Long-Term | | |
|---|-------------------|-----------|------|----|
| | | Real | Rate | of |

| | | |
|------------------------------|---------------|-------|
| US Equity | 21.1% | 5.00% |
| International Equity | 24.8% | 5.20% |
| Private Equity | 7.0% | 8.20% |
| Core and Global Fixed Income | 26.1% | 1.85% |
| Fixed Income Plus Sectors | 5.0% | 4.80% |
| Real Estate | 5.0% | 5.30% |
| Real Assets | 7.0% | 5.70% |
| Absolute Return | <u>4.0%</u> | 4.15% |
| Total | <u>100.0%</u> | |

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

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority’s net pension liability in each PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| | 1% Decrease | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|----------------|--|---------------------------|
| PERA Fund Division Municipal General <u>(8.75%)</u> | | | |

| | | | |
|---|-------------------|-------------------|------------------|
| The Authority’s proportionate share of the net pension liability | <u>\$ 586,800</u> | <u>\$ 311,263</u> | <u>\$ 98,397</u> |
|---|-------------------|-------------------|------------------|

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

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, 2015 consisted of the following:

| | <u>Interfund Payable</u> | | |
|-----------------------------|--------------------------------|------------------------------|------------------|
| | <u>State and Local</u> | <u>Emergency Shelter</u> | <u>Total</u> |
| <u>Interfund Receivable</u> | | | |
| Housing Choice Vouchers | \$ 745 | \$ | \$ 745 |
| SW Housing Assistance | <u>30,000</u> | <u>30,000</u> | <u>60,000</u> |
| | <u>\$ 30,745</u> | <u>\$ 30,000</u> | <u>\$ 60,745</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 25, 2015, the date which the financial statements were available to be issued.

Note 12 Restatement

During the year ended June 30, 2015, the Authority adopted Governmental Accounting Standards Board Statements No. 67 and 68. These statements require the recognition of a net pension liability for the unfunded pension liabilities as currently measured by the Public Employees Retirement Board.

As a part of this measurement, the Authority is required to restate its net position for the estimated liability at June 30, 2014 as follows:

| | <u>Low-Rent Public Housing</u> | <u>Housing Choice Vouchers</u> | <u>State and Locals</u> | <u>Total</u> |
|---|--|--|---------------------------------|-------------------|
| Net pension liability at June 30, 2014 | \$ <u>85,401</u> | \$ <u>328,028</u> | \$ <u>6,850</u> | \$ <u>420,279</u> |

Prior year net positions have been restated to recognize this change in accounting principle.

Western Regional Housing Authority
LOW RENT PUBLIC HOUSING
Statement of Revenues and Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| Operating revenues: | | | | |
| Tenant rent | \$ 70,924 | \$ 76,000 | \$ 79,132 | \$ 3,132 |
| Other tenant revenue | 1,200 | 1,200 | 2,907 | 1,707 |
| Total operating revenues | \$ 72,124 | \$ 77,200 | \$ 82,039 | \$ 4,839 |
| Operating expenses: | | | | |
| Personnel services | \$ 57,500 | \$ 61,000 | \$ 60,224 | \$ 776 |
| Employee benefits | 33,500 | 38,212 | 16,397 | 21,815 |
| Contractual services | 8,500 | 8,500 | 8,500 | - |
| Other administrative | 6,000 | 8,000 | 5,368 | 2,632 |
| Utilities | 24,104 | 25,700 | 23,499 | 2,201 |
| Repairs and maintenance | 102,680 | 104,000 | 114,636 | (10,636) |
| Insurance | 7,000 | 5,000 | 4,787 | 213 |
| Other general | 3,000 | 3,200 | 3,031 | 169 |
| Travel | 800 | 3,000 | 2,522 | 478 |
| Depreciation | | | 170,644 | (170,644) |
| Total operating expenses | \$ 243,084 | \$ 256,612 | \$ 409,608 | \$ (152,996) |
| Operating income (loss) | \$ (170,960) | \$ (179,412) | \$ (327,569) | \$ (148,157) |
| Nonoperating revenue (expense): | | | | |
| Intergovernmental grants | \$ 158,588 | \$ 170,705 | \$ 183,406 | \$ 12,701 |
| Other nonoperating revenue | | | | - |
| Gain (loss) on disposition of assets | | | | - |
| Total nonoperating revenues (expenses) | \$ 158,588 | \$ 170,705 | \$ 183,406 | \$ 12,701 |
| Income (loss) before capital contributions | \$ (12,372) | \$ (8,707) | \$ (144,163) | \$ (135,456) |
| Capital contributions | 15,268 | 13,707 | - | (13,707) |
| Change in net position | \$ 2,896 | \$ 5,000 | \$ (144,163) | \$ (149,163) |
| Operating reserves | 2,104 | | | |
| Purchase of fixed assets | (5,000) | (5,000) | | |
| Net change in financial position | \$ - | \$ - | | |

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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|----------------------------|-------------------------|------------------|--|
| Operating revenues: | | | | |
| Administrative fees | \$ 371,064 | \$ 386,776 | \$ 386,776 | \$ - |
| Total operating revenues | \$ 371,064 | \$ 386,776 | \$ 386,776 | \$ - |
| Operating expenses: | | | | |
| Personnel services | \$ 244,218 | \$ 234,000 | \$ 232,980 | \$ 1,020 |
| Employee benefits | 102,500 | 99,650 | 82,459 | 17,191 |
| Contract services | 13,000 | 13,000 | 13,000 | - |
| Other administrative | 35,000 | 50,000 | 45,164 | 4,836 |
| Utilities | 2,000 | 2,200 | 2,207 | (7) |
| Repairs and maintenance | 30,000 | 29,500 | 23,949 | 5,551 |
| Insurance | 3,000 | 3,000 | 2,723 | 277 |
| Other general | | | 2,382 | (2,382) |
| Travel | 6,000 | 10,000 | 8,857 | 1,143 |
| Depreciation | | | | - |
| Total operating expenses | \$ 435,718 | \$ 441,350 | \$ 413,721 | \$ 27,629 |
| Operating income (loss) | \$ (64,654) | \$ (54,574) | \$ (26,945) | \$ 27,629 |
| Nonoperating revenue (expense): | | | | |
| Intergovernmental grants | \$ 3,692,388 | \$ 3,644,485 | \$ 3,646,850 | \$ 2,365 |
| Housing assistance payments | (3,700,388) | (3,783,160) | (3,783,165) | (5) |
| Other nonoperating revenue | 22,000 | 21,800 | 18,844 | (2,956) |
| Gain (loss) on disposition of assets | | | | - |
| Total nonoperating revenues (expenses) | \$ 14,000 | \$ (116,875) | \$ (117,471) | \$ (596) |
| Transfers | \$ - | \$ - | | \$ - |
| Change in net position | \$ (50,654) | \$ (171,449) | \$ (144,416) | \$ 27,033 |
| Operating reserves | 55,654 | 176,449 | | |
| Purchase of fixed assets | (5,000) | (5,000) | | |
| Net change in financial position | \$ - | \$ - | | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|------------------|--|
| Operating revenues: | | | | |
| Tenant rent | \$ 30,838 | \$ 30,838 | \$ 30,532 | \$ (306) |
| Other tenant revenue | | | 73 | 73 |
| | <u>\$ 30,838</u> | <u>\$ 30,838</u> | <u>\$ 30,605</u> | <u>\$ (233)</u> |
| Total operating revenues | | | | |
| Operating expenses: | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - |
| Employee benefits | | | | - |
| Other administrative | 2,000 | 2,000 | 222 | 1,778 |
| Repairs and maintenance | 8,000 | 8,000 | 1,979 | 6,021 |
| Utilities | 500 | 500 | 228 | 272 |
| Insurance | 800 | 800 | 367 | 433 |
| Other general | | | 1,885 | (1,885) |
| Depreciation | | | 11,937 | (11,937) |
| | <u>\$ 11,300</u> | <u>\$ 11,300</u> | <u>\$ 16,618</u> | <u>\$ (5,318)</u> |
| Total operating expenses | | | | |
| Operating income (loss) | <u>\$ 19,538</u> | <u>\$ 19,538</u> | <u>\$ 13,987</u> | <u>\$ (5,551)</u> |
| Nonoperating revenue (expense): | | | | |
| Governmental grants | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Other nonoperating revenue | | | | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> |
| Total nonoperating revenues (expenses) | | | | |
| Transfers | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Change in net position | \$ 19,538 | \$ 19,538 | <u>\$ 28,987</u> | <u>\$ 9,449</u> |
| Transfer to reserves | (116,102) | (116,102) | | |
| Capital expenditures | (17,950) | (17,950) | | |
| Beginning cash balance | <u>114,514</u> | <u>114,514</u> | | |
| Net change in financial position | <u>\$ -</u> | <u>\$ -</u> | | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|-------------------|--|
| Operating revenues: | | | | |
| Tenant rent | \$ - | \$ - | \$ - | \$ - |
| Other tenant revenue | | | | - |
| Total operating revenues | \$ - | \$ - | \$ - | \$ - |
| Operating expenses: | | | | |
| Personnel services | \$ 4,250 | \$ 7,250 | \$ 4,814 | \$ 2,436 |
| Employee benefits | 2,040 | 3,450 | 2,321 | 1,129 |
| Contract services | | | | - |
| Other administrative | 2,710 | 4,300 | 1,526 | 2,774 |
| Utilities | | | | - |
| Repairs and maintenance | | | 960 | (960) |
| Depreciation | | | | - |
| Total operating expenses | \$ 9,000 | \$ 15,000 | \$ 9,621 | \$ 5,379 |
| Operating income (loss) | \$ (9,000) | \$ (15,000) | \$ (9,621) | \$ 5,379 |
| Nonoperating revenue (expense): | | | | |
| Intergovernmental grants | \$ 103,000 | \$ 230,906 | \$ 121,928 | \$ (108,978) |
| Housing assistance payments | (94,000) | (215,906) | (112,028) | 103,878 |
| Other nonoperating revenue | | | | - |
| Gain (loss) on disposition of assets | | | | - |
| Total nonoperating revenues (expenses) | \$ 9,000 | \$ 15,000 | \$ 9,900 | \$ (5,100) |
| Change in net position | \$ - | \$ - | \$ 279 | \$ 279 |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|--------------------|--|
| Operating revenues: | | | | |
| Tenant rent | \$ - | \$ - | \$ - | \$ - |
| Other tenant revenue | | | | - |
| Total operating revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Operating expenses: | | | | |
| Personnel services | \$ - | \$ - | \$ - | \$ - |
| Employee benefits | | | | - |
| Contract services | | | | - |
| Other administrative | | | | - |
| Utilities | | | | - |
| Repairs and maintenance | | | | - |
| Depreciation | | | | - |
| Total operating expenses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Operating income (loss) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Nonoperating revenue (expense): | | | | |
| Intergovernmental grants | \$ 89,711 | \$ 53,428 | \$ 56,665 | \$ 3,237 |
| Housing assistance payments | (89,711) | (53,428) | (56,665) | (3,237) |
| Other nonoperating revenue | | | | - |
| Gain (loss) on disposition of assets | | | | - |
| Total nonoperating revenues (expenses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Change in net position | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

Western Regional Housing Authority
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
 PERA FUND DIVISION MUNICIPAL GENERAL
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION)(PERA) PLAN
 LAST 10 FISCAL YEARS***

| | 2015 |
|---|------------|
| Western Regional Housing Authority's proportion of the net pension liability | .0399% |
| Western Regional Housing Authority's proportionate share of the net pension liability | \$ 311,263 |
| Western Regional Housing Authority's covered employee payroll | \$ 323,716 |
| Western Regional Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 96% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% |

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

Western Regional Housing Authority
**SCHEDULE OF CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT
ASSOCIATION (PERA) PLAN-PERA FUND DIVISION MUNICIPAL GENERAL
*LAST 10 FISCAL YEARS**

| | 2015 |
|--|------------|
| Contractually required contributions | \$ 30,081 |
| Contributions in relation to contractually required contribution | (30,081) |
| Contribution deficiency (excess) | \$ - |
| Western Regional Housing Authority's covered-employee payroll | \$ 314,984 |
| Contributions as a percentage of covered-employee payroll | 9.55% |

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

Western Regional Housing Authority
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

Change in benefit terms – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Changes of assumptions – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investment/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The Summary of Key Findings for the PERA Fund (on page 2 of the report) states “Based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio.” For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | 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 | \$355,424 | \$143,753 | \$29,372 | \$17,142 | \$108,154 | \$653,845 | | \$653,845 |
| 112 Cash - Restricted - Modernization and Development | | | | | | | | |
| 113 Cash - Other Restricted | | \$25,900 | | | | \$25,900 | | \$25,900 |
| 114 Cash - Tenant Security Deposits | \$11,915 | | | | \$2,882 | \$14,797 | | \$14,797 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | |
| 100 Total Cash | \$367,339 | \$169,653 | \$29,372 | \$17,142 | \$111,036 | \$694,542 | \$0 | \$694,542 |
| 121 Accounts Receivable - PHA Projects | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | | | | |
| 124 Accounts Receivable - Other Government | \$1,657 | \$2,365 | \$628 | \$13,603 | \$15,000 | \$33,253 | | \$33,253 |
| 125 Accounts Receivable - Miscellaneous | \$65 | | | | | \$65 | | \$65 |
| 126 Accounts Receivable - Tenants | \$199 | | | | \$1,919 | \$2,118 | | \$2,118 |
| 126.1 Allowance for Doubtful Accounts - Tenants | \$0 | | | | \$1,628 | -\$1,628 | | -\$1,628 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | | |
| 128 Fraud Recovery | \$1,585 | | | | | \$1,585 | | \$1,585 |
| 128.1 Allowance for Doubtful Accounts - Fraud | \$0 | | | | | \$0 | | \$0 |
| 129 Accrued Interest Receivable | | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$3,506 | \$2,365 | \$628 | \$13,603 | \$15,291 | \$35,393 | \$0 | \$35,393 |
| 131 Investments - Unrestricted | | | | | | | | |
| 132 Investments - Restricted | | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | | | | | |
| 143 Inventories | \$2,105 | | | | | \$2,105 | | \$2,105 |
| 143.1 Allowance for Obsolete Inventories | -\$42 | | | | | -\$42 | | -\$42 |
| 144 Inter Program Due From | | \$745 | | | \$60,000 | \$60,745 | \$60,745 | \$121,490 |
| 145 Assets Held for Sale | | | | | | | | |
| 150 Total Current Assets | \$372,908 | \$172,763 | \$30,000 | \$30,745 | \$186,327 | \$792,743 | \$60,745 | \$853,488 |
| 161 Land | \$436,727 | | | | \$294,810 | \$731,537 | | \$731,537 |
| 162 Buildings | \$4,460,056 | | | | \$414,250 | \$4,874,306 | | \$4,874,306 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$53,759 | \$65,516 | | | | \$119,275 | | \$119,275 |
| 164 Furniture, Equipment & Machinery - Administration | \$89,522 | | | | \$21,863 | \$111,385 | | \$111,385 |
| 165 Leasehold Improvements | | | | | | | | |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | Project Total | 14.871 Housing Choice Vouchers | 14.231 Emergency Shelter Grants Program | 2 State/Local | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------------|--------------------------|--------------|----------|--------------|
| 166 Accumulated Depreciation | -\$2,912,769 | -\$65,516 | | | -\$156,135 | -\$3,134,420 | | -\$3,134,420 |
| 167 Construction in Progress | | | | | \$210,740 | \$210,740 | | \$210,740 |
| 168 Infrastructure | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,127,295 | \$0 | \$0 | \$0 | \$785,528 | \$2,912,823 | \$0 | \$2,912,823 |
| 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 | \$2,127,295 | \$0 | \$0 | \$0 | \$785,528 | \$2,912,823 | \$0 | \$2,912,823 |
| 200 Deferred Outflow of Resources | \$6,112 | \$23,478 | | \$491 | | \$30,081 | | \$30,081 |
| 290 Total Assets and Deferred Outflow of Resources | \$2,506,315 | \$196,241 | \$30,000 | \$31,236 | \$971,855 | \$3,735,647 | \$60,745 | \$3,796,392 |
| 311 Bank Overdraft | | | | | | | | |
| 312 Accounts Payable <= 90 Days | \$636 | \$2,645 | | | \$0 | \$3,281 | | \$3,281 |
| 313 Accounts Payable >90 Days Past Due | | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$8,879 | | | | | \$8,879 | | \$8,879 |
| 322 Accrued Compensated Absences - Current Portion | \$309 | \$980 | | | | \$1,289 | | \$1,289 |
| 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 | \$11,915 | | | | \$2,882 | \$14,797 | | \$14,797 |
| 342 Unearned Revenue | \$22 | | | | | \$22 | | \$22 |
| 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 | \$30,745 | | \$60,745 | \$60,745 | \$121,490 |
| 348 Loan Liability - Current | | | | | | | | |
| 310 Total Current Liabilities | \$21,761 | \$3,625 | \$30,000 | \$30,745 | \$2,882 | \$89,013 | \$60,745 | \$149,758 |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | Project Total | 14.871 Housing Choice Vouchers | 14.231 Emergency Shelter Grants Program | 2 State/Local | 1 Business Activities | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|---|---------------|--------------------------|-------------|----------|-------------|
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | |
| 353 Non-current Liabilities - Other | | | | | | | | |
| 354 Accrued Compensated Absences - Non Current | \$7,429 | \$23,535 | | | | \$30,964 | | \$30,964 |
| 355 Loan Liability - Non Current | | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | \$63,249 | \$242,941 | | \$5,073 | | \$311,263 | | \$311,263 |
| 350 Total Non-Current Liabilities | \$70,678 | \$266,476 | \$0 | \$5,073 | \$0 | \$342,227 | \$0 | \$342,227 |
| 300 Total Liabilities | \$92,439 | \$270,101 | \$30,000 | \$35,818 | \$2,882 | \$431,240 | \$60,745 | \$491,985 |
| 400 Deferred Inflow of Resources | \$24,787 | \$95,209 | | \$1,989 | | \$121,985 | | \$121,985 |
| 508.4 Net Investment in Capital Assets | \$2,127,295 | | | | \$785,528 | \$2,912,823 | | \$2,912,823 |
| 511.4 Restricted Net Position | | \$25,900 | | | | \$25,900 | | \$25,900 |
| 512.4 Unrestricted Net Position | \$261,794 | -\$194,969 | \$0 | -\$6,571 | \$183,445 | \$243,699 | | \$243,699 |
| 513 Total Equity - Net Assets / Position | \$2,389,089 | -\$169,069 | \$0 | -\$6,571 | \$968,973 | \$3,182,422 | \$0 | \$3,182,422 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$2,506,315 | \$196,241 | \$30,000 | \$31,236 | \$971,855 | \$3,735,647 | \$60,745 | \$3,796,392 |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | 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 | \$79,132 | | | | \$30,532 | \$109,664 | | \$109,664 |
| 70400 Tenant Revenue - Other | \$2,907 | | | | \$73 | \$2,980 | | \$2,980 |
| 70500 Total Tenant Revenue | \$82,039 | \$0 | \$0 | \$0 | \$30,605 | \$112,644 | \$0 | \$112,644 |
| 70600 HUD PHA Operating Grants | \$174,462 | \$4,007,570 | | | | \$4,182,032 | | \$4,182,032 |
| 70610 Capital Grants | | | | | | | | |
| 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 | \$8,944 | \$26,056 | \$56,665 | \$121,928 | \$15,000 | \$228,593 | | \$228,593 |
| 71100 Investment Income - Unrestricted | | | | | | | | |
| 71200 Mortgage Interest Income | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | |
| 71400 Fraud Recovery | | \$17,924 | | | | \$17,924 | | \$17,924 |
| 71500 Other Revenue | | \$920 | | | | \$920 | | \$920 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | |
| 72000 Investment Income - Restricted | | | | | | | | |
| 70000 Total Revenue | \$265,445 | \$4,052,470 | \$56,665 | \$121,928 | \$45,605 | \$4,542,113 | \$0 | \$4,542,113 |
| 91100 Administrative Salaries | \$60,224 | \$231,196 | | \$4,814 | | \$296,234 | | \$296,234 |
| 91200 Auditing Fees | \$8,500 | \$13,000 | | | | \$21,500 | | \$21,500 |
| 91300 Management Fee | | | | | | | | |
| 91310 Book-keeping Fee | | | | | | | | |
| 91400 Advertising and Marketing | | | | | | | | |
| 91500 Employee Benefit contributions - Administrative | \$101,798 | \$410,487 | | \$9,171 | | \$521,456 | | \$521,456 |
| 91600 Office Expenses | | | | | | | | |
| 91700 Legal Expense | | | | | | | | |
| 91800 Travel | \$2,522 | \$8,857 | | \$146 | \$28 | \$11,553 | | \$11,553 |
| 91810 Allocated Overhead | | | | | | | | |
| 91900 Other | \$5,368 | \$45,164 | | \$1,380 | \$222 | \$52,134 | | \$52,134 |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | Project Total | 14.871 Housing Choice Vouchers | 14.231 Emergency Shelter Grants Program | 2 State/Local | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------------|--------------------------|-----------|------|-----------|
| 91000 Total Operating - Administrative | \$178,412 | \$708,704 | \$0 | \$15,511 | \$250 | \$902,877 | \$0 | \$902,877 |
| 92000 Asset Management Fee | | | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | | | |
| 92200 Relocation Costs | | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | | | |
| 92400 Tenant Services - Other | | | | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | \$16,532 | \$575 | | | \$94 | \$17,201 | | \$17,201 |
| 93200 Electricity | \$5,515 | \$1,249 | | | \$74 | \$6,838 | | \$6,838 |
| 93300 Gas | \$1,452 | \$383 | | | \$60 | \$1,895 | | \$1,895 |
| 93400 Fuel | | | | | | | | |
| 93500 Labor | | | | | | | | |
| 93600 Sewer | | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | | |
| 93000 Total Utilities | \$23,499 | \$2,207 | \$0 | \$0 | \$228 | \$25,934 | \$0 | \$25,934 |
| 94100 Ordinary Maintenance and Operations - Labor | \$48,435 | | | | | \$48,435 | | \$48,435 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$21,401 | \$2,695 | | | \$1,181 | \$25,277 | | \$25,277 |
| 94300 Ordinary Maintenance and Operations Contracts | \$28,310 | \$21,254 | | \$960 | \$798 | \$51,322 | | \$51,322 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$16,490 | | | | | \$16,490 | | \$16,490 |
| 94000 Total Maintenance | \$114,636 | \$23,949 | \$0 | \$960 | \$1,979 | \$141,524 | \$0 | \$141,524 |
| 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 | \$4,754 | | | | \$367 | \$5,121 | | \$5,121 |
| 96120 Liability Insurance | | \$2,654 | | | | \$2,654 | | \$2,654 |
| 96130 Workmen's Compensation | \$33 | \$69 | | | | \$102 | | \$102 |
| 96140 All Other Insurance | | | | | | | | |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | Project Total | 14.871 Housing Choice Vouchers | 14.231 Emergency Shelter Grants Program | 2 State/Local | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------------|--------------------------|-------------|------|-------------|
| 96100 Total insurance Premiums | \$4,787 | \$2,723 | \$0 | \$0 | \$367 | \$7,877 | \$0 | \$7,877 |
| 96200 Other General Expenses | | \$2,382 | | | | \$2,382 | | \$2,382 |
| 96210 Compensated Absences | | \$1,784 | | | | \$1,784 | | \$1,784 |
| 96300 Payments in Lieu of Taxes | | | | | | | | |
| 96400 Bad debt - Tenant Rents | \$3,031 | | | | \$1,857 | \$4,888 | | \$4,888 |
| 96500 Bad debt - Mortgages | | | | | | | | |
| 96600 Bad debt - Other | | | | | | | | |
| 96800 Severance Expense | | | | | | | | |
| 96000 Total Other General Expenses | \$3,031 | \$4,166 | \$0 | \$0 | \$1,857 | \$9,054 | \$0 | \$9,054 |
| 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 | \$324,365 | \$741,749 | \$0 | \$16,471 | \$4,681 | \$1,087,266 | \$0 | \$1,087,266 |
| 97000 Excess of Operating Revenue over Operating Expenses | -\$58,920 | \$3,310,721 | \$56,665 | \$105,457 | \$40,924 | \$3,454,847 | \$0 | \$3,454,847 |
| 97100 Extraordinary Maintenance | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | |
| 97300 Housing Assistance Payments | | \$3,783,165 | \$56,665 | \$112,028 | | \$3,951,858 | | \$3,951,858 |
| 97350 HAP Portability-In | | | | | | | | |
| 97400 Depreciation Expense | \$170,644 | | | | \$11,937 | \$182,581 | | \$182,581 |
| 97500 Fraud Losses | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | | | |
| 90000 Total Expenses | \$495,009 | \$4,524,914 | \$56,665 | \$128,499 | \$16,618 | \$5,221,705 | \$0 | \$5,221,705 |
| 10010 Operating Transfer In | \$13,707 | | | | | \$13,707 | | \$13,707 |
| 10020 Operating transfer Out | -\$13,707 | | | | | -\$13,707 | | -\$13,707 |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | |

Western Regional Housing Authority (NM067)
Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

| | Project Total | 14.871 Housing Choice Vouchers | 14.231 Emergency Shelter Grants Program | 2 State/Local | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------------|--------------------------|-------------|------|-------------|
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$229,564 | -\$472,444 | \$0 | -\$6,571 | \$28,987 | -\$679,592 | \$0 | -\$679,592 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 11030 Beginning Equity | \$2,618,653 | \$303,375 | \$0 | \$0 | \$939,986 | \$3,862,014 | | \$3,862,014 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | \$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 | | -\$194,969 | | | | -\$194,969 | | -\$194,969 |
| 11180 Housing Assistance Payments Equity | | \$25,900 | | | | \$25,900 | | \$25,900 |
| 11190 Unit Months Available | 648 | 10932 | | | 60 | 11640 | | 11640 |
| 11210 Number of Unit Months Leased | 638 | 9553 | | | 58 | 10249 | | 10249 |
| 11270 Excess Cash | \$322,054 | | | | | \$322,054 | | \$322,054 |
| 11610 Land Purchases | \$0 | | | | | \$0 | | \$0 |
| 11620 Building Purchases | \$0 | | | | | \$0 | | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | | | \$0 | | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | | | \$0 | | \$0 |
| 11650 Leasehold Improvements Purchases | \$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: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|---|-----------|--------------|---------------|
| 70300 Net Tenant Rental Revenue | \$79,132 | | \$79,132 |
| 70400 Tenant Revenue - Other | \$2,907 | | \$2,907 |
| 70500 Total Tenant Revenue | \$82,039 | \$0 | \$82,039 |
| 70600 HUD PHA Operating Grants | \$160,755 | \$13,707 | \$174,462 |
| 70610 Capital Grants | | | |
| 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 | \$8,944 | | \$8,944 |
| 71100 Investment Income - Unrestricted | | | |
| 71200 Mortgage Interest Income | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | |
| 71310 Cost of Sale of Assets | | | |
| 71400 Fraud Recovery | | | |
| 71500 Other Revenue | | | |
| 71600 Gain or Loss on Sale of Capital Assets | | | |
| 72000 Investment Income - Restricted | | | |
| 70000 Total Revenue | \$251,738 | \$13,707 | \$265,445 |
| 91100 Administrative Salaries | \$60,224 | | \$60,224 |
| 91200 Auditing Fees | \$8,500 | | \$8,500 |

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|--|-----------|--------------|---------------|
| 91300 Management Fee | | | |
| 91310 Book-keeping Fee | | | |
| 91400 Advertising and Marketing | | | |
| 91500 Employee Benefit contributions - Administrative | \$101,798 | | \$101,798 |
| 91600 Office Expenses | | | |
| 91700 Legal Expense | | | |
| 91800 Travel | \$2,522 | | \$2,522 |
| 91810 Allocated Overhead | | | |
| 91900 Other | \$5,368 | | \$5,368 |
| 91000 Total Operating - Administrative | \$178,412 | \$0 | \$178,412 |
| 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 | \$16,532 | | \$16,532 |
| 93200 Electricity | \$5,515 | | \$5,515 |
| 93300 Gas | \$1,452 | | \$1,452 |
| 93400 Fuel | | | |
| 93500 Labor | | | |
| 93600 Sewer | | | |
| 93700 Employee Benefit Contributions - Utilities | | | |
| 93800 Other Utilities Expense | | | |

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|---|-----------|--------------|---------------|
| 93000 Total Utilities | \$23,499 | \$0 | \$23,499 |
| 94100 Ordinary Maintenance and Operations - Labor | \$48,435 | | \$48,435 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$21,401 | | \$21,401 |
| 94300 Ordinary Maintenance and Operations Contracts | \$28,310 | \$0 | \$28,310 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$16,490 | | \$16,490 |
| 94000 Total Maintenance | \$114,636 | \$0 | \$114,636 |
| 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 | \$4,754 | | \$4,754 |
| 96120 Liability Insurance | | | |
| 96130 Workmen's Compensation | \$33 | | \$33 |
| 96140 All Other Insurance | | | |
| 96100 Total insurance Premiums | \$4,787 | \$0 | \$4,787 |
| 96200 Other General Expenses | | | |
| 96210 Compensated Absences | | | |
| 96300 Payments in Lieu of Taxes | | | |
| 96400 Bad debt - Tenant Rents | \$3,031 | | \$3,031 |
| 96500 Bad debt - Mortgages | | | |
| 96600 Bad debt - Other | | | |

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|---|-----------|--------------|---------------|
| 96800 Severance Expense | | | |
| 96000 Total Other General Expenses | \$3,031 | \$0 | \$3,031 |
| 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 | \$324,365 | \$0 | \$324,365 |
| 97000 Excess of Operating Revenue over Operating Expenses | -\$72,627 | \$13,707 | -\$58,920 |
| 97100 Extraordinary Maintenance | | | |
| 97200 Casualty Losses - Non-capitalized | | | |
| 97300 Housing Assistance Payments | | | |
| 97350 HAP Portability-In | | | |
| 97400 Depreciation Expense | \$170,644 | | \$170,644 |
| 97500 Fraud Losses | | | |
| 97600 Capital Outlays - Governmental Funds | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | |
| 97800 Dwelling Units Rent Expense | | | |
| 90000 Total Expenses | \$495,009 | \$0 | \$495,009 |
| 10010 Operating Transfer In | \$13,707 | | \$13,707 |
| 10020 Operating transfer Out | | -\$13,707 | -\$13,707 |
| 10030 Operating Transfers from/to Primary Government | | | |

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|---|-------------|--------------|---------------|
| 10040 Operating Transfers from/to Component Unit | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | |
| 10060 Proceeds from Property Sales | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | |
| 10080 Special Items (Net Gain/Loss) | | | |
| 10091 Inter Project Excess Cash Transfer In | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | |
| 10093 Transfers between Program and Project - In | | | |
| 10094 Transfers between Project and Program - Out | | | |
| 10100 Total Other financing Sources (Uses) | \$13,707 | -\$13,707 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$229,564 | \$0 | -\$229,564 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$2,618,653 | \$0 | \$2,618,653 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | | \$0 |
| 11050 Changes in Compensated Absence Balance | | | |
| 11060 Changes in Contingent Liability Balance | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | |
| 11170 Administrative Fee Equity | | | |
| 11180 Housing Assistance Payments Equity | | | |
| 11190 Unit Months Available | 648 | | 648 |

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

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

Project: NM067000001 HILLSIDE APARTMENTS

| | Low Rent | Capital Fund | Total Project |
|--|-----------|--------------|---------------|
| 11210 Number of Unit Months Leased | 638 | | 638 |
| 11270 Excess Cash | \$322,054 | | \$322,054 |
| 11610 Land Purchases | \$0 | \$0 | \$0 |
| 11620 Building Purchases | \$0 | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$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, 2015

| | Type of Account | Bank Balance | Reconciled Balance |
|---|--------------------|-----------------|-----------------------|
| <u>Wells Fargo Bank</u> | | | |
| Housing Assistance Payments | Checking | \$ 3,965 | \$ - |
| Voucher | Checking | 148,509 | 169,503 |
| Southwest Housing Assistance | Checking | 127,673 | 111,036 |
| Low Rent Public Housing | Checking | 365,756 | 358,426 |
| Linkages | Checking | 18,058 | 17,142 |
| Payroll | Checking | 12,331 | 8,813 |
| MFA | Checking | 29,372 | 29,372 |
| Total bank deposits | | \$ 705,664 | \$ 694,292 |
| Petty cash | | | 250 |
| Total cash per financial statements | | | \$ 694,542 |

Western Regional Housing Authority
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2015

| | Wells Fargo Bank |
|---|------------------------|
| | |
| Checking accounts | \$ 705,664 |
| Less FDIC insurance | (250,000) |
| Total uninsured public funds | \$ 455,664 |
| 50% collateralization requirement (Section 6-10-17 NMSA) | \$ 227,832 |
| Total collateralization requirement | \$ 227,832 |
| Pledged securities: | |
| FG G14228 cusip no. 3128MC4M4, maturing 9/1/2026 | 27,185 |
| FG Q06940 3 cusip no. 3132GSBH1, maturing 3/1/2042 | 43,603 |
| FHR 3722 DA cusip no. 3137A1RH8, maturing 9/1/2028 | 99,771 |
| FHR 3871 YA cusip no. 3137ACBD0, maturing 6/1/2026 | 130,500 |
| FHR 3901 KD cusip no. 3137ACRQ4, maturing 10/1/2018 | 96,635 |
| FHR 4039 AB cusip no. 3137AQME5, maturing 5/1/2027 | 126,588 |
| FHR 3213 LF cusip no. 31397AZV8, maturing 9/15/2036 | 392 |
| Total pledged securities | 524,674 |
| Pledged securities over (under) requirement | \$ 296,842 |

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, 2015

| <u>Federal Grantor/Pass-through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Grantor's Number</u> | <u>Total Awards Expended</u> |
|---|------------------------------------|--|--------------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Direct programs: | | | |
| Public and Indian Housing | 14.850 | N/A | \$ 160,755 |
| Section 8 Housing Choice Vouchers | 14.871 | N/A | 4,007,570 |
| Public Housing Capital Fund | 14.872 | N/A | 13,707 |
| Passed through NM Mortgage Finance Authority: | | | |
| Emergency Solutions Grant Program | 14.231 | 11-01-WST-TBA-001 | <u>56,665</u> |
| Total U.S. Department of Housing and Urban Development and total expenditures of federal awards | | | <u><u>\$ 4,238,697</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, 2015

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, 2015

Findings – Financial Statement Audit

None

Findings – Major Federal Award Programs

Department of Housing and Urban Development

Section 8 Housing Choice Vouchers, CFDA No. 14.871, Contract No. NM067

This was a compliance finding indicating that sexual offender searches had not been performed on all applicants, as required by 24 C.F.R. Sections 5.856 and 5.905. No such compliance deviations were noted during the audit for the year ended June 30, 2015.

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.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: admin@stone-mcgee.com

**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

Timothy Keller, 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, 2015, 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 25, 2015.

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 25, 2015

Stone, McGee & Co.
Certified Public Accountants

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.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: admin@stone-mcgee.com

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, 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, 2015. 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, 2015.

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 25, 2015

Stone, McGee & Co.
Certified Public Accountants

Western Regional Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2015

SUMMARY OF AUDIT RESULTS

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed September 11, 2015. 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 |