

STATE OF NEW MEXICO

WESTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2018

WESTERN REGIONAL HOUSING AUTHORITY

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WESTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2018

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>G. Vincent Barrett</i>	<i>Chairman</i>
<i>Carol Anaya</i>	<i>Treasurer</i>
<i>Awish Baechtle</i>	<i>Secretary</i>
<i>Vera Turner</i>	<i>Commissioner</i>
<i>Jackie Muncy</i>	<i>Commissioner</i>

ADMINISTRATIVE OFFICIALS

<i>Cathy De Marco</i>	<i>Executive Director</i>
<i>Sonia Flores</i>	<i>Deputy Director</i>

INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, 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 of the Western Regional Housing Authority (Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
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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 of Western Regional Housing Authority, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the pension liability schedules on pages 28 and 29 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Western Regional Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The Financial Data Schedule and the schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC 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 the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink on a light yellow background. The signature reads "Kriegel/Gray/Shaw & Co., P.C." in a cursive script.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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.

Financial Highlights

- The assets of the Western Regional Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,100,415 (net position). Of this amount, \$445,409 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position decreased by \$70,920. Of this amount, \$45,933 increase was attributable to Housing Choice Voucher activities, Low Rent Public Housing generated a decrease of \$136,954, and Southwest Housing Assistance activities generated a \$19,627 increase.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund were \$207,946, or 17.3% 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.

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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 \$3,100,415 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (73.5%) 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

	2018	2017
ASSETS		
Current assets	\$938,951	\$877,920
Assets restricted for tenant deposits	15,467	15,578
Capital assets, net of depreciation	2,652,298	2,757,602
<i>Total assets</i>	3,606,716	3,651,100
Deferred outflows of resources		
Related to pension plans	116,179	207,270
<i>Total assets and deferred outflows of resources</i>	\$3,722,895	\$3,858,370
LIABILITIES		
Current liabilities	36,567	29,210
Compensated absences (noncurrent)	31,346	34,976
Net pension liability	508,411	602,319
<i>Total liabilities</i>	\$576,324	\$666,505
Deferred inflows of resources		
Related to pension plans	46,156	20,530
NET POSITION		
Net investment in capital assets, net of depreciation	2,652,298	2,757,602
Restricted for housing assistance payments	2,708	0
Unrestricted net position	445,409	413,733
<i>Total net position</i>	3,100,415	3,171,335
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$3,722,895	\$3,858,370

A portion of the Western Regional Housing Authority's net position represents resources that are subject to external restrictions on how they may be used. The Housing Authority currently has zero funds restricted for Housing Assistance Payments. The remaining balance of unrestricted net position (\$445,408) may be used to meet the Authority's ongoing obligations to residents and creditors.

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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 a due to the implementation of GASB 68.

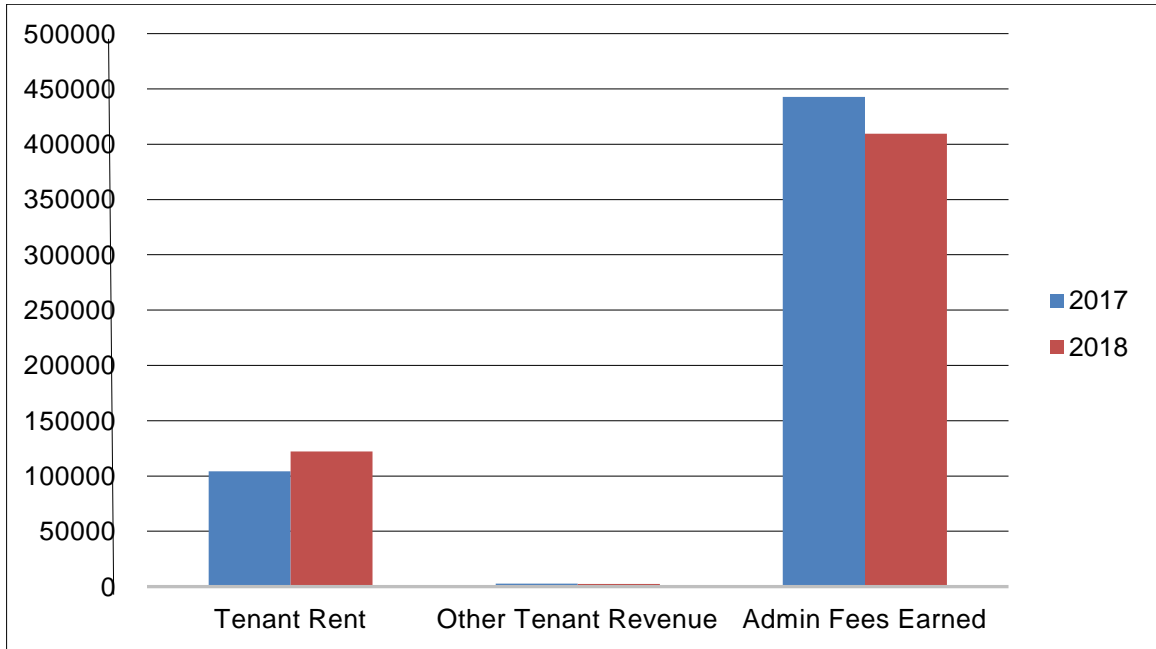
The Housing Authority continues to utilize all of their HAP Reserves to maintain lease up as well as some of their HUD-Held reserves.

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

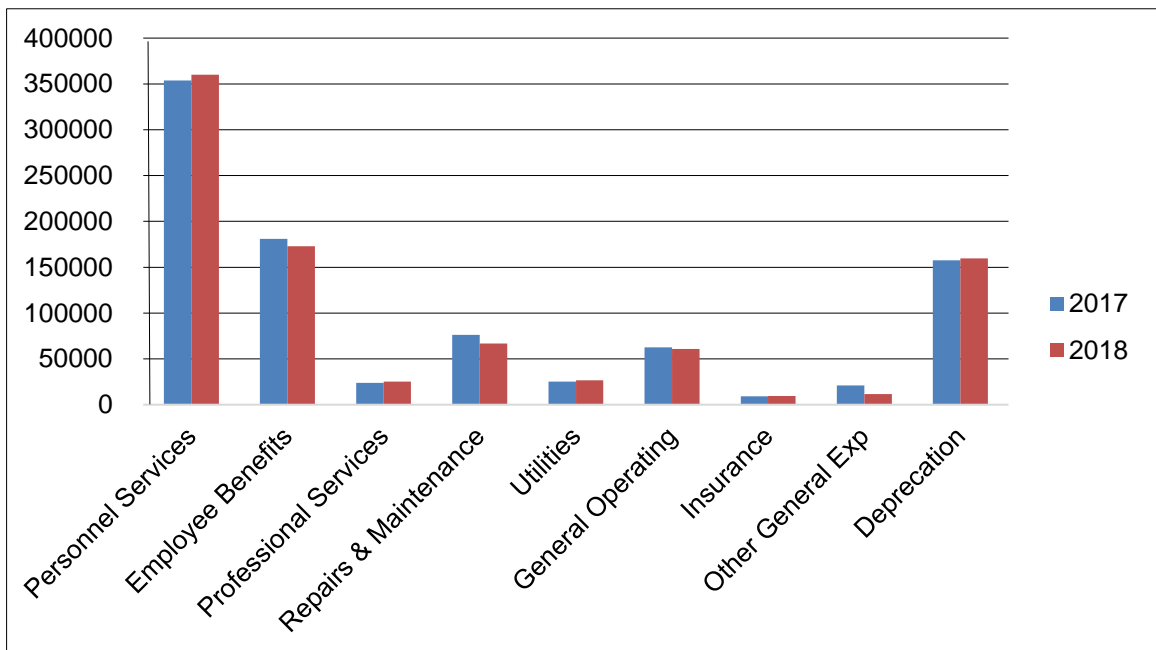
	2018	2017
REVENUES		
Tenant rental revenue	\$122,062	\$104,291
Other tenant revenue	2,496	2,776
Operating Subsidy	165,991	194,825
Administrative fees earned	409,631	442,910
<i>Total revenues</i>	<u>700,180</u>	<u>744,802</u>
OPERATING EXPENSES		
Personnel services	359,984	353,601
Employee benefits	172,970	180,930
Professional services	25,200	23,800
Repairs and maintenance	66,701	76,188
Utilities	26,462	25,198
General operating	60,977	62,500
Insurance	9,354	9,234
Other general expenses	11,411	20,966
Depreciation	159,722	157,372
<i>Total expenses</i>	<u>892,781</u>	<u>909,789</u>
<i>Operating income (loss)</i>	192,601	(164,987)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental grants - federal	3,660,645	4,170,285
Intergovernmental grants - state	83,120	170,795
Housing assistance payments	(3,726,652)	(4,296,065)
Other non-operating revenue	7,420	19,480
HUD Capital grants	68,888	72,565
Fraud recovery	26,210	0
Gain (loss) on sale of fixed assets	2,050	0
<i>Total non-operating revenues</i>	<u>121,681</u>	<u>137,060</u>
<i>Income (loss) before capital contributions and transfers</i>	(70,920)	(27,927)
CHANGE IN NET POSITION		
Net position, beginning of year	3,171,335	3,199,262
Net position, end of year	<u>\$3,100,415</u>	<u>\$3,171,335</u>

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Total revenues decreased \$44,622 about 6.0% during the year. This is the result of a decrease in administrative fees.

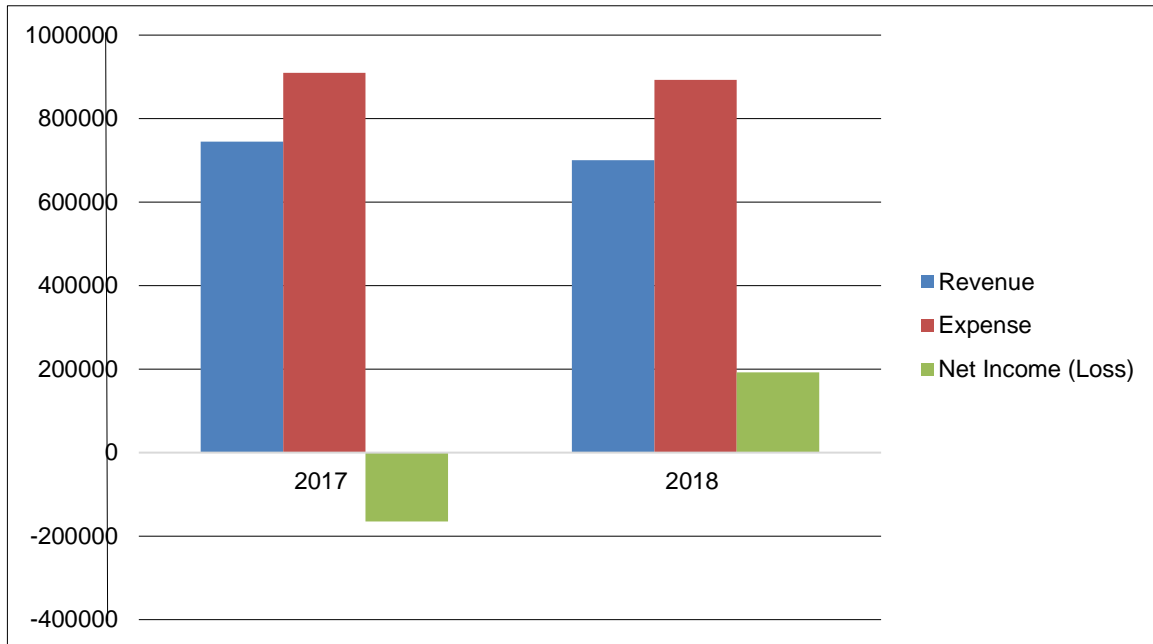


Total expenses decreased \$17,008 or 1.9% as compared to the prior year. Employee benefits decreased by 4.4% due to reduction in the net pension liability and related deferred inflows and outflows.



WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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



Budgetary Highlights

During the year, the Authority's operating revenues were over budgetary expectations by \$6,038; Employee Benefits did exceed budget due to the GASB 68 requirements. Total operating expenses, however, remained under the budget plan by \$34,229 after adjusting for Depreciation Expenses of \$159,722, 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, 2018, amounts to \$2,652,298 (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 Accumulated Depreciation

	2018	2017
Land and improvements	\$731,537	\$731,537
Buildings, systems and improvements	1,654,967	1,760,523
Furniture, fixtures and equipment	3,016	3,644
Construction in progress	262,778	261,898
<i>Total fixed assets, net of accumulated depreciation</i>	\$2,652,298	\$2,757,602

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term debt in the amount of \$508. This is a decrease of \$129 from last year which is due to the 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 June 30, 2018, reported by the New Mexico Department of Workforce Solutions, is 4.9%, which is a 1.9% decrease from last year. This is slightly higher than the state's average unemployment rate of 4.6%. The unemployment rate in Luna County as of June 30, 2018 decreased from 11.8% last year to 7.9%, they continue to rank 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, New Mexico 88062.

BASIC FINANCIAL STATEMENTS

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2018

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
ASSETS						
Current Assets						
Cash	\$368,764	\$288,147	\$210,007	\$25,596	\$28,610	\$921,124
Receivables (net of allowance):						
Tenants	2,439	0	549	0	0	2,988
Intergovernmental - CFP	0	0	0	0	0	0
Other government	0	0	0	8,752	1,390	10,142
Miscellaneous	0	0	0	0	0	0
Due from (to) other funds	0	0	64,000	(34,000)	(30,000)	0
Inventory	1,989	0	0	0	0	1,989
Prepaid expenses	0	0	0	0	0	0
<i>Total current assets</i>	<i>\$373,192</i>	<i>\$288,147</i>	<i>\$274,556</i>	<i>\$348</i>	<i>\$0</i>	<i>\$936,243</i>
Noncurrent Assets:						
Restricted cash	12,067	2,708	3,400			18,175
Capital Assets:						
Land	436,727	0	294,810	0	0	731,537
Construction in progress	52,038	0	210,740	0	0	262,778
Buildings	4,620,711	0	414,250	0	0	5,034,961
Leasehold improvements	0	0	0	0	0	0
Equipment and furniture	111,498	46,082	0	0	0	157,580
Less accumulated depreciation	(3,318,955)	(46,082)	(169,521)	0	0	(3,534,558)
<i>Capital assets, net</i>	<i>1,902,019</i>	<i>0</i>	<i>750,279</i>	<i>0</i>	<i>0</i>	<i>2,652,298</i>
<i>Total assets</i>	<i>\$2,287,278</i>	<i>\$290,855</i>	<i>\$1,028,235</i>	<i>\$348</i>	<i>\$0</i>	<i>\$3,606,716</i>
Deferred outflows of resources - related to pension plan	37,739	76,916	0	1,524	0	116,179
LIABILITIES						
Current Liabilities:						
Accounts payable	692	1,289	5	348	0	2,334
Accrued payroll liabilities	9,920	0	0	0	0	9,920
Prepaid rent	1,187	0	0	0	0	1,187
Tenant deposits	12,067	0	3,400	0	0	15,467
Compensated absences (current)	110	7,549	0	0	0	7,659
<i>Total current liabilities</i>	<i>\$23,976</i>	<i>\$8,838</i>	<i>\$3,405</i>	<i>\$348</i>	<i>\$0</i>	<i>\$36,567</i>
<i>Compensated Absences (non current)</i>	<i>10,934</i>	<i>20,412</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>31,346</i>
Net pension liability	165,149	336,592	0	6,670	0	508,411
<i>Total liabilities</i>	<i>\$200,059</i>	<i>\$365,842</i>	<i>\$3,405</i>	<i>\$7,018</i>	<i>\$0</i>	<i>\$576,324</i>
Deferred inflows of resources - related to pension plan	14,993	30,557	0	606	0	46,156
NET POSITION						
Net investment in capital assets	1,902,019	0	750,279	0	0	2,652,298
Restricted for housing assistance payments	0	2,708	0	0	0	2,708
Unrestricted	207,946	(31,336)	274,550	(5,752)	0	445,408
<i>Total net position</i>	<i>\$2,109,965</i>	<i>(\$28,628)</i>	<i>\$1,024,830</i>	<i>(\$5,752)</i>	<i>\$0</i>	<i>\$3,100,415</i>

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
JUNE 30, 2018

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
Operating Revenues						
Tenant rental revenue	\$87,982	\$0	\$34,080	\$0	\$0	\$122,062
Other tenant revenue	2,419	0	77	0	0	2,496
Grant-administrative fees	0	391,561	0	18,070	0	409,631
HUD operating subsidy	165,991	0	0	0	0	165,991
<i>Total operating revenues</i>	<i>\$256,392</i>	<i>\$391,561</i>	<i>\$34,157</i>	<i>\$18,070</i>	<i>\$0</i>	<i>\$700,180</i>
Operating Expenses						
Personnel services	116,935	238,326	0	4,723	0	359,984
Employee benefits	104,255	67,555	0	1,160	0	172,970
Professional services	8,820	16,380	0	0	0	25,200
Repairs and maintenance	45,225	19,362	1,564	550	0	66,701
Utilities	22,132	4,295	35	0	0	26,462
General operating	9,224	40,006	584	11,163	0	60,977
Insurance	7,046	1,848	460	0	0	9,354
Other General Expenses	2,812	8,599	0	0	0	11,411
Depreciation	147,835	0	11,887	0	0	159,722
<i>Total operating expenses</i>	<i>\$464,284</i>	<i>\$396,371</i>	<i>\$14,530</i>	<i>\$17,596</i>	<i>\$0</i>	<i>\$892,781</i>
<i>Operating income (loss)</i>	<i>(207,892)</i>	<i>(4,810)</i>	<i>19,627</i>	<i>474</i>	<i>0</i>	<i>(192,601)</i>
Non-Operating Revenues (Expenses)						
Intergovernmental grants - federal	0	3,594,521	0	0	66,124	3,660,645
Intergovernmental grants - state	0	0	0	83,120	0	83,120
Housing assistance payments	0	(3,577,408)	0	(83,120)	(66,124)	(3,726,652)
Other non-operating revenue	0	7,420	0	0	0	7,420
HUD capital grants	68,888	0	0	0	0	68,888
Gain/Loss on sale of capital asset	2,050	0	0	0	0	2,050
Fraud Recovery	0	26,210	0	0	0	26,210
<i>Total non-operating revenues (expenses)</i>	<i>\$70,938</i>	<i>\$50,743</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$121,681</i>
<i>Changes in net position</i>	<i>(136,954)</i>	<i>45,933</i>	<i>19,627</i>	<i>474</i>	<i>0</i>	<i>(70,920)</i>
Net position, beginning of year	2,246,919	(74,561)	1,005,203	(6,226)	0	3,171,335
<i>Net position, end of year</i>	<i>\$2,109,965</i>	<i>(\$28,628)</i>	<i>\$1,024,830</i>	<i>(\$5,752)</i>	<i>\$0</i>	<i>\$3,100,415</i>

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2018

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants	\$90,977	\$0	\$33,442	\$0	\$0	\$124,419
Grants - subsidies	171,606	395,797	0	9,318	0	576,721
Cash payments to suppliers for goods and services	(104,393)	(89,748)	(2,639)	(11,365)	0	(208,145)
	0	0	0	0	0	0
Cash payments to employees for services	(152,826)	(339,175)	0	(6,357)	0	(498,358)
<i>Net cash (used) for operating activities</i>	<i>\$5,364</i>	<i>(\$33,126)</i>	<i>\$30,803</i>	<i>(\$8,404)</i>	<i>\$0</i>	<i>(\$5,363)</i>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES						
Net HAP/receipts	0	17,113	0	0	0	17,113
Temporary financing-other funds	0	0	(195)	195	0	0
Other nonoperating revenues	0	33,630	0	0	(1,390)	32,240
<i>Net cash provided (used) by noncapital and related financing activities</i>	<i>0</i>	<i>50,743</i>	<i>(195)</i>	<i>195</i>	<i>(1,390)</i>	<i>49,353</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of assets	2,050	0	0	0	0	2,050
Cash received from intergovernmental sources	68,888	0	0	0	0	68,888
Acquisition and construction of capital assets	(54,417)	0	0	0	0	(54,417)
<i>Net cash provided by capital and related financing activities</i>	<i>16,521</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>16,521</i>
<i>Net (increase) in cash</i>	<i>21,885</i>	<i>17,617</i>	<i>30,608</i>	<i>(8,209)</i>	<i>(1,390)</i>	<i>60,511</i>
Cash and cash equivalents, beginning of year	358,946	273,238	182,799	33,805	30,000	878,788
<i>Cash and cash equivalents, end of year</i>	<i>\$380,831</i>	<i>\$290,855</i>	<i>\$213,407</i>	<i>\$25,596</i>	<i>\$28,610</i>	<i>\$939,299</i>
Cash and Cash Equivalents						
Cash	368,764	290,855	210,007	25,596	28,610	923,832
Restricted	12,067	0	3,400	0	0	15,467
	380,831	290,855	213,407	25,596	28,610	939,299

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2018

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities						
Operating (loss)	(207,892)	(4,810)	19,627	474	0	(192,601)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities						
Depreciation	147,835	0	11,886	0	0	159,721
Change in assets and liabilities:	0	0	0	0	0	0
(Increase) decrease in tenant/other receivables	(49)	4,236	(549)	0	0	3,638
(Increase) in intergovernmental receivable	5,615	0	0	(8,752)	0	(3,137)
(Increase) in prepaid expenses and other current assets	480	0	0	0	0	480
(Decrease) in accounts payable	(9,614)	812	5	348	0	(8,449)
(Decrease) in accrued salaries and compensated absences	10,651	1,066	0	0	0	11,717
(Decrease) in prepaid rent	736	0	(166)	0	0	570
(Decrease) in tenant deposits	(111)	0	0	0	0	(111)
Increase in net pension contributions and liability	57,713	(34,430)	0	(474)	0	22,809
Total adjustments	213,256	(28,316)	11,176	(8,878)	0	187,238
Net cash provided by operating activities	\$5,364	(\$33,126)	\$30,803	(\$8,404)	\$0	(\$5,363)

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, grant reimbursements and interest earnings as their major receivables.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 25-40 years
- Improvements 10-40 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.

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.

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.

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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."

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.

Fraud recovery revenue represents back rent when it is determined that the tenant was charged an incorrect monthly rent amount due to income that was misstated (various reasons) and therefore the tenant must pay back rent (after re-determination) in addition to any current rent. This account is specifically required by HUD for financial data schedule reporting.

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018, \$0 of the Authority's bank balance of \$939,299 was exposed to custodial credit risk.

	Bank Balance	Carrying Amount
Deposits by custodial risk		
Category:		
Insured	\$250,000	\$250,000
Collateral held by the pledging bank agent in Authority's name	793,878	689,299
Uninsured	(85,604)	0
Total uninsured public funds	\$958,274	\$939,299

NOTE 3. ACCOUNTS RECEIVABLE

Due from tenants	\$2,988
Due from other governments	10,142
Total accounts receivable	\$13,130

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$731,537	\$0	\$0	\$0	\$731,537
Construction in progress	261,898	54,417	0	(53,537)	262,778
<i>Total capital assets, not being depreciated</i>	<i>993,435</i>	<i>54,417</i>	<i>0</i>	<i>(53,537)</i>	<i>994,315</i>
Depreciable capital assets:					
Buildings/improvements	4,981,424	0	0	53,537	5,034,961
Equipment/furnishings	189,859	0	(32,279)	0	157,580
<i>Total depreciable capital assets</i>	<i>5,171,283</i>	<i>0</i>	<i>(32,279)</i>	<i>53,537</i>	<i>5,192,541</i>
Less accumulated depreciation:					
Buildings/improvements	(3,220,899)	(159,094)	0	0	(3,379,993)
Equipment/furnishings	(186,217)	(627)	32,279	0	(154,565)
<i>Total accumulated depreciation</i>	<i>(3,407,116)</i>	<i>(159,721)</i>	<i>32,279</i>	<i>0</i>	<i>(3,534,558)</i>
<i>Depreciable capital assets, net</i>	<i>1,764,167</i>	<i>(159,721)</i>	<i>0</i>	<i>53,537</i>	<i>1,657,983</i>
<i>Business-type capital assets, net</i>	<i>\$2,757,602</i>	<i>(\$105,304)</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,652,298</i>

NOTE 5. COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Retirements	Balance June 30, 2018
	\$37,208	\$27,534	(\$23,242)	(\$2,495)	\$39,005
Amounts Due:					
Current	\$2,232	\$9,003	(\$3,576)	\$0	\$7,659
Long-term	\$34,976	\$18,531	(\$19,666)	(\$2,495)	\$31,346
	\$37,208	\$27,535	(\$23,242)	(\$2,495)	\$39,005

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

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

TIER II

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

WESTERN REGIONAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see PERA's comprehensive annual financial report contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Western Regional Housing Authority reported a liability of \$508,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The Western Regional Housing Authority's proportion of the net pension liability was based on a projection of the Western Regional Housing Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Western Regional Housing Authority's proportion was 0.0370%, which did not change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Western Regional Housing Authority recognized PERA Fund Division Municipal General pension expense of \$53,857. At June 30, 2018, the Western Regional Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$19,978	\$26,039
Changes of assumptions	23,445	5,254
Net difference between projected and actual earnings on pension plan investments	41,712	0
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	0	14,863
Western Regional Housing Authority contributions subsequent to the measurement date	31,044	0
Total	\$116,179	\$46,156

WESTERN REGIONAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$31,044 reported as deferred outflows of resources related to pensions resulting from Western Regional Housing Authority contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2019	\$6,757
2020	39,598
2021	4,814
2022	(12,190)
2023	
	\$38,979

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return*	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 9 years, then 3.25% annual rate
Projected salary increases*	2.75% to 14.00% annual rate
Mortality Assumption	RP -2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

* Includes inflation at 2.25% for the first 9 years, 2.75% all other years

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Client Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.0%	

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Western Regional Housing Authority’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Western Regional Housing Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the Western Regional Housing Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate.

PERA Fund Division Municipal General	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Western Regional Housing Authority’s proportionate share of the net pension liability	\$796,848	\$508,411	\$268,536

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

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its’ participant employees. At June 30, 2018, the Authority had paid all required contributions.

WESTERN REGIONAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018 consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		
	State and Local	Emergency Shelter	Total
SW Housing Assistance	\$34,000	\$30,000	\$64,000

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

NOTE 11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 18, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE WESTERN REGIONAL HOUSING AUTHORITY'S
PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date		
	June 30, 2017	June 30, 2016	June 30, 2015
	2018	2017	2016
Western Regional Housing Authority's proportion of the net pension liability (asset)	0.037%	0.0377%	0.0386%
Western Regional Housing Authority's proportionate share of the net pension liability (asset)	\$508,411	\$602,319	\$393,560
Western Regional Housing Authority's covered-employee payroll (at measurement date)	\$359,984	\$324,937	\$322,976
Western Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.23%	185.00%	122.00%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	79.89%	80.20%

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

**SCHEDULE OF WESTERN REGIONAL HOUSING AUTHORITY'S
CONTRIBUTIONS**

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2018	2017	2016
Contractually required contribution	\$31,044	\$31,031	\$30,844
Contributions in relation to the contractually required contribution	(\$31,044)	(\$31,031)	(\$30,844)
Contribution deficiency (excess)	\$0	\$0	\$0
Western Regional Housing Authority's covered-employee payroll	\$325,068	\$324,937	\$322,976
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	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 YEAR ENDED JUNE 30, 2018

Public Employee Retirement Association Plan (PERA)

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

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <https://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activity
111 Cash - Unrestricted	\$368,764	\$288,147	\$28,610	\$25,596	\$210,007
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$2,708			
114 Cash - Tenant Security Deposits	\$12,067				\$3,400
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$380,831	\$290,855	\$28,610	\$25,596	\$213,407
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government			\$1,390	\$8,751	
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$534				\$549
126.1 Allowance for Doubtful Accounts -Tenants	(\$398)				\$0
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$2,303				
128.1 Allowance for Doubtful Accounts - Fraud	\$0				
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,439	\$0	\$1,390	\$8,751	\$549
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current					
142 Prepaid Expenses and Other Assets					
143 Inventories	\$2,030				
143.1 Allowance for Obsolete Inventories	(\$41)				
144 Inter Program Due From					\$64,000
145 Assets Held for Sale					
150 Total Current Assets	\$385,259	\$290,855	\$30,000	\$34,347	\$277,956
161 Land	\$436,727				\$294,810
162 Buildings	\$4,620,710				\$414,250
163 Furniture, Equipment & Machinery - Dwellings	\$26,919				
164 Furniture, Equipment & Machinery - Administration	\$84,580	\$46,082			
165 Leasehold Improvements					
166 Accumulated Depreciation	(\$3,318,955)	(\$46,082)			(\$169,521)
167 Construction in Progress	\$52,038				\$210,740
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,902,019	\$0	\$0	\$0	\$750,279
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,902,019	\$0	\$0	\$0	\$750,279
200 Deferred Outflow of Resources	\$37,739	\$76,916		\$1,524	
290 Total Assets and Deferred Outflow of Resources	\$2,325,017	\$367,771	\$30,000	\$35,871	\$1,028,235
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$692	\$1,290		\$347	\$5
313 Accounts Payable >90 Days Past Due					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

	Project Total	14.231 Emergency			
		14.871 Housing Choice Vouchers	Shelter Grants Program	2 State/Local	1 Business Activity
321 Accrued Wage/Payroll Taxes Payable	\$9,919				
322 Accrued Compensated Absences - Current Portion	\$110	\$7,549			
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$12,067				\$3,400
342 Unearned Revenue	\$1,187				
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating					
Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To			\$30,000	\$34,000	
348 Loan Liability - Current					
310 Total Current Liabilities	\$23,975	\$8,839	\$30,000	\$34,347	\$3,405
351 Long-term Debt, Net of Current - Capital					
Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating					
Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$10,934	\$20,412			
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$165,149	\$336,592		\$6,670	
350 Total Non-Current Liabilities	\$176,083	\$357,004	\$0	\$6,670	\$0
300 Total Liabilities	\$200,058	\$365,843	\$30,000	\$41,017	\$3,405
400 Deferred Inflow of Resources	\$14,993	\$30,557		\$606	
508.4 Net Investment in Capital Assets	\$1,902,019				\$750,279
511.4 Restricted Net Position		\$2,708			
512.4 Unrestricted Net Position	\$207,947	(\$31,337)	\$0	(\$5,752)	\$274,551
513 Total Equity - Net Assets / Position	\$2,109,966	(\$28,629)	\$0	(\$5,752)	\$1,024,830
600 Total Liabilities, Deferred Inflows of Resources and					
Equity -	\$2,325,017	\$367,771	\$30,000	\$35,871	\$1,028,235

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities
70300 Net Tenant Rental Revenue	\$87,982				\$34,080
70400 Tenant Revenue - Other	\$2,419				\$77
70500 Total Tenant Revenue	\$90,401	\$0	\$0	\$0	\$34,157
70600 HUD PHA Operating Grants	\$180,792	\$3,986,082			
70610 Capital Grants	\$54,087				
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			\$66,124	\$101,190	
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		\$26,210			
71500 Other Revenue		\$7,420			
71600 Gain or Loss on Sale of Capital Assets	\$2,050				
72000 Investment Income - Restricted					
70000 Total Revenue	\$327,330	\$4,019,712	\$66,124	\$101,190	\$34,157
91100 Administrative Salaries	\$64,888	\$238,326		\$4,723	
91200 Auditing Fees	\$8,820	\$16,380			
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$55,767	\$67,555		\$1,160	
91600 Office Expenses					
91700 Legal Expense					
91800 Travel	\$1,279	\$5,545			
91810 Allocated Overhead					
91900 Other	\$7,945	\$34,462		\$11,163	\$584
91000 Total Operating - Administrative	\$138,699	\$362,268	\$0	\$17,046	\$584
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
93100 Water	\$18,259	\$623			
93200 Electricity	\$2,848	\$2,962			\$8
93300 Gas	\$1,025	\$710			\$27
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$22,132	\$4,295	\$0	\$0	\$35
94100 Ordinary Maintenance and Operations - Labor	\$52,047				

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities
94200 Ordinary Maintenance and Operations - Materials and	\$17,387	\$813			\$802
94300 Ordinary Maintenance and Operations Contracts	\$27,837	\$18,549		\$550	\$763
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,488				
94000 Total Maintenance	\$145,759	\$19,362	\$0	\$550	\$1,565
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$6,287				\$459
96120 Liability Insurance	\$642	\$1,779			
96130 Workmen's Compensation	\$117	\$69			
96140 All Other Insurance					
96100 Total insurance Premiums	\$7,046	\$1,848	\$0	\$0	\$459
96200 Other General Expenses		\$7,533			
96210 Compensated Absences	\$732	\$1,066			
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$2,080				
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$2,812	\$8,599	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$316,448	\$396,372	\$0	\$17,596	\$2,643
97000 Excess of Operating Revenue over Operating Expenses	\$10,882	\$3,623,340	\$66,124	\$83,594	\$31,514
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$3,571,555	\$66,124	\$83,120	
97350 HAP Portability-In		\$5,853			
97400 Depreciation Expense	\$147,835				\$11,887
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$464,283	\$3,973,780	\$66,124	\$100,716	\$14,530
10010 Operating Transfer In	\$14,801				
10020 Operating transfer Out	(\$14,801)				
10030 Operating Transfers from/to Primary Government					
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					

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activities
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(\$136,953)	\$45,932	\$0	\$474	\$19,627
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,246,919	(\$74,561)	\$0	(\$6,226)	\$1,005,203
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0				
11080 Changes in Special Term/Severance Benefits Liability					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		(\$31,338)			
11180 Housing Assistance Payments Equity		\$2,709			
11190 Unit Months Available	648	10932		0	60
11210 Number of Unit Months Leased	640	8299		0	60
11270 Excess Cash	\$337,734				
11610 Land Purchases	\$0				
11620 Building Purchases	\$107,295				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2018 Project: NM067000001 HILLSIDE APARTMENTS

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Project</u>
70300 Net Tenant Rental Revenue	\$87,982		\$87,982
70400 Tenant Revenue - Other	\$2,419		\$2,419
70500 Total Tenant Revenue	\$90,401	\$0	\$90,401
70600 HUD PHA Operating Grants	\$165,991	\$14,801	\$180,792
70610 Capital Grants		\$54,087	\$54,087
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			
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	\$2,050		\$2,050
72000 Investment Income - Restricted			
70000 Total Revenue	\$258,442	\$68,888	\$327,330
91100 Administrative Salaries	\$64,888		\$64,888
91200 Auditing Fees	\$8,820		\$8,820
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$55,767		\$55,767
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	\$1,279		\$1,279
91810 Allocated Overhead			
91900 Other	\$7,945		\$7,945
91000 Total Operating - Administrative	\$138,699	\$0	\$138,699
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	\$18,259		\$18,259
93200 Electricity	\$2,848		\$2,848
93300 Gas	\$1,025		\$1,025
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$22,132	\$0	\$22,132
94100 Ordinary Maintenance and Operations - Labor	\$52,047		\$52,047
94200 Ordinary Maintenance and Operations - Materials and	\$17,387		\$17,387
94300 Ordinary Maintenance and Operations Contracts	\$27,837		\$27,837

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2018 Project: NM067000001 HILLSIDE APARTMENTS

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Project</u>
94500 Employee Benefit Contributions - Ordinary Maintenance	\$48,488		\$48,488
94000 Total Maintenance	\$145,759	\$0	\$145,759
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$6,287		\$6,287
96120 Liability Insurance	\$642		\$642
96130 Workmen's Compensation	\$117		\$117
96140 All Other Insurance			
96100 Total insurance Premiums	\$7,046	\$0	\$7,046
96200 Other General Expenses			
96210 Compensated Absences	\$732		\$732
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$2,080		\$2,080
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$2,812	\$0	\$2,812
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	\$316,448	\$0	\$316,448
97000 Excess of Operating Revenue over Operating Expenses	(\$58,006)	\$68,888	\$10,882
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$147,835		\$147,835
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$464,283	\$0	\$464,283
10010 Operating Transfer In	\$14,801		\$14,801
10020 Operating transfer Out		(\$14,801)	(\$14,801)
10030 Operating Transfers from/to Primary Government			
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)	\$14,801	(\$14,801)	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(\$191,040)	\$54,087	(\$136,953)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2018 Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
11030 Beginning Equity	\$2,246,919	\$0	\$2,246,919
11040 Prior Period Adjustments, Equity Transfers and Correctior	\$53,208	(\$53,208)	\$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			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	648		648
11210 Number of Unit Months Leased	640		640
11270 Excess Cash	\$337,734		\$337,734
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$53,208	\$54,087	\$107,295
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, 2018

Wells Fargo Bank	Bank Balance	Reconciling Items	Reconciled Balance
Checking - Housing Assistance Payments	\$1,811	(\$1,811)	\$0
Checking - Voucher	289,620	1,085	290,705
Checking - Southwest Housing Assistance	213,783	(376)	213,407
Checking - Low Rent Public Housing	378,881	(8,070)	370,811
Checking - Linkages	31,503	(5,907)	25,596
Checking - Payroll	13,516	(3,596)	9,920
Checking - MFA (RAP)	29,160	(550)	28,610
<i>Total</i>	\$958,274	(\$19,225)	\$939,049
Reconciled balance, June 30, 2018			\$939,049
Petty Cash			\$250
Total cash per financial statements			\$939,299

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF DEPOSITORY COLLATERAL

JUNE 30, 2018

	<u>Wells Fargo Bank</u>
Checking accounts	\$958,274
Less FDIC insurance	(250,000)
<u>Total uninsured public funds</u>	<u>708,274</u>
50% collateralization requirement (Section 6-10-17 NMSA)	354,137
<u>Total collateralization requirement</u>	<u>354,137</u>
Pledged Securities:	
FMAC FGPC, cusip number 3128MMSN4, maturing 3/01/42	439,767
FMAC FGPC, cusip number 3137AQT6, maturing 12/15/42	354,112
<u>Total pledged securities</u>	<u>\$793,879</u>
<u>Pledged securities over (under) requirement</u>	<u>439,742</u>

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

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Public and Indian Housing	14.850	N/A	-	\$165,991
Section 8 Housing Choice Vouchers	14.871	N/A	-	\$3,986,082
Public Housing Capital Fund	14.872	N/A	-	\$68,888
Passed through NM Mortgage Finance Authority:				
Emergency Solutions Grant Program	14.231	11-01-WST-TBA-001	-	66,124
<i>Total U.S. Department of Health and Human Services</i>			-	
<i>Total Expenditures of Federal Awards</i>			-	\$4,287,085

N/A - Not Available

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Western Regional Housing Authority, under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Western Regional Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Western Regional Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3. The Western Regional Housing Authority has elected not to use the de Minimis indirect cost rate as allowed under the Uniform Guidance.

WESTERN REGIONAL HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

None.

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None.

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

Independent Auditor's Report

Mr. Wayne Johnson, 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 of Western Regional Housing Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Western Regional Housing Authority's basic financial statements, and have issued our report thereon dated September 18, 2018.

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 Western Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

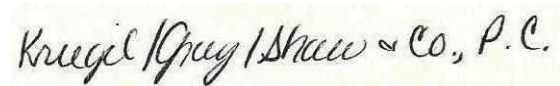
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 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 Western Regional Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 18, 2018

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

Mr. Wayne Johnson, 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 Western Regional Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Western Regional Housing Authority's major federal programs for the year ended June 30, 2018. 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 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 the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 Western Regional Housing Authority's compliance.

Mr. Wayne Johnson, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

Opinion on Each Major Federal Program

In our opinion, 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, 2018.

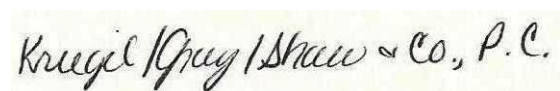
Report on Internal Control over Compliance

Management of 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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 18, 2018

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

WESTERN REGIONAL HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2018

EXIT CONFERENCE:

The exit conference was held September 19, 2018 and was attended by the following:

Representing Western Regional Housing Authority:

Awish Baechtler, Commissioner
Cathy DeMarco, Executive Director
Sonia Flores, Deputy Director
April Cook, Accountant

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder
Jesus Cortez, Staff Auditor
Blair Baeza, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of the financial statements is the responsibility of management. Although, the Western Regional Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.