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CERTIFIED PUBLIC ACCOUNTANTS

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STATE OF NEW MEXICO

WESTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2019

WESTERN REGIONAL HOUSING AUTHORITY

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WESTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2019

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>Vera Turner</i>	<i>Commissioner</i>
<i>Jackie Muncy</i>	<i>Commissioner</i>
<i>Irene Galvan</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. Brian Colón, 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, 2019, 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. Brian Colón, 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, 2019, 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 are 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. Brian Colón, 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 24, 2019 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.

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

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

September 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019. 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 \$3,058,715 (net position). Of this amount, \$404,130 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position decreased by \$41,700. Of this amount, \$39,131 increase was attributable to Housing Choice Voucher activities, Low Rent Public Housing generated a decrease of \$99,823, and Southwest Housing Assistance activities generated a \$21,534 increase.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund were \$184,775, or 37% 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, 2019

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 \$3,058,715 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (71%) 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

	2019	2018
ASSETS		
Current assets	\$1,023,915	\$938,951
Assets restricted for tenant deposits	15,203	15,467
Capital assets, net of depreciation	2,569,202	2,652,298
<i>Total assets</i>	3,608,320	3,606,716
Deferred outflows of resources		
Related to pension plans	175,598	116,179
<i>Total assets and deferred outflows of resources</i>	\$3,783,918	\$3,722,895
LIABILITIES		
Current liabilities	\$21,983	\$36,567
Compensated absences (noncurrent)	47,781	31,346
Net pension liability	628,182	508,411
<i>Total liabilities</i>	\$697,946	\$576,324
Deferred inflows of resources		
Related to pension plans	27,257	46,156
NET POSITION		
Net investment in capital assets, net of depreciation	2,569,202	2,652,298
Restricted for housing assistance payments	85,383	2,708
Unrestricted net position	404,130	445,409
<i>Total net position</i>	3,058,715	3,100,415
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$3,783,918	\$3,722,895

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 \$85,383 funds restricted for Housing Assistance Payments. The remaining balance of unrestricted net position (\$404,130) 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, 2019

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.

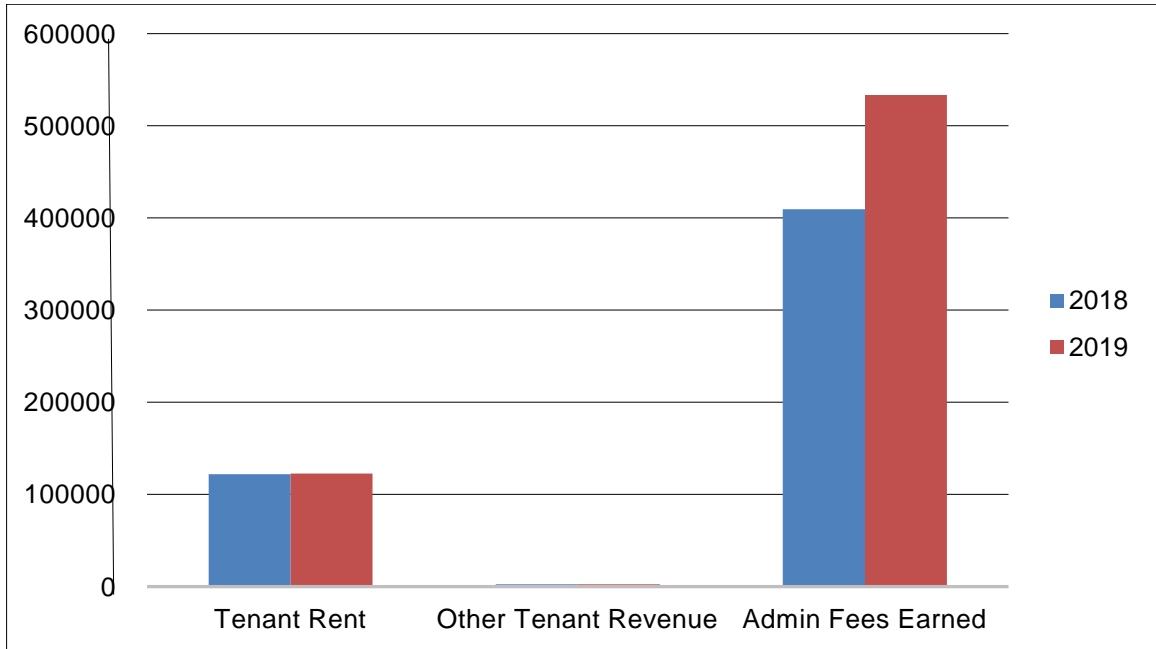
The Housing Authority continues to utilize all of their HAP Reserves to maintain lease up as well as some of their HUD-Held reserves.

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

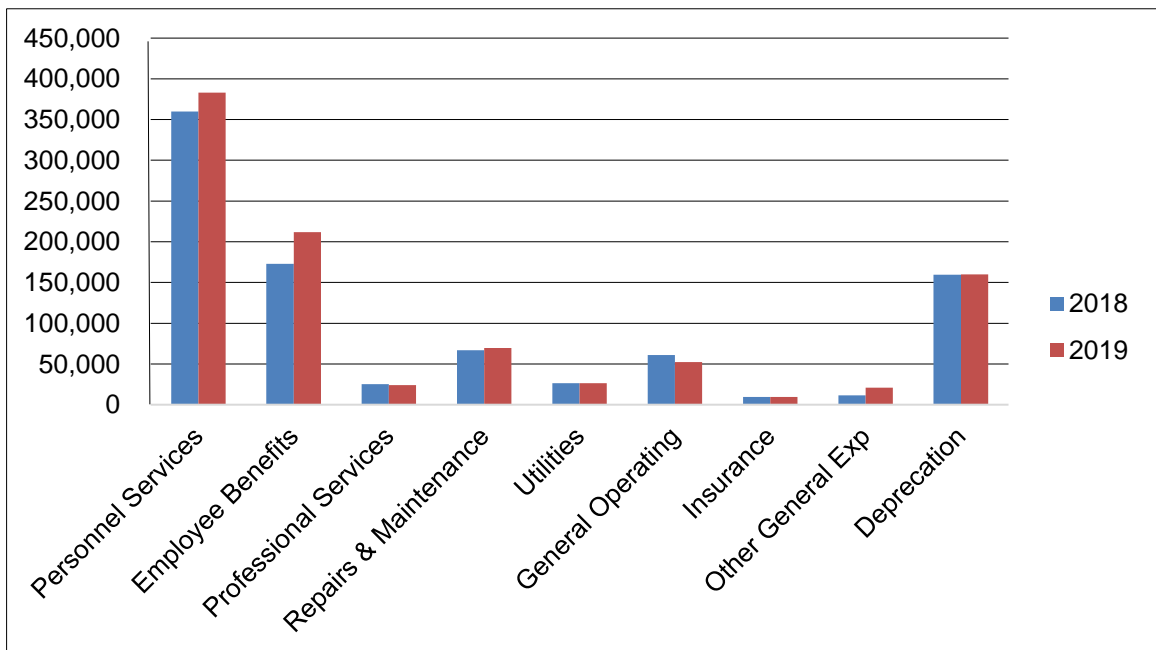
	2019	2018
REVENUES		
Tenant rental revenue	\$122,500	\$122,062
Other tenant revenue	2,461	2,496
Operating Subsidy	166,653	165,991
Administrative fees earned	533,589	409,631
<i>Total revenues</i>	825,203	700,180
OPERATING EXPENSES		
Personnel services	383,118	359,984
Employee benefits	211,637	172,970
Professional services	23,829	25,200
Repairs and maintenance	69,512	66,701
Utilities	26,477	26,462
General operating	52,463	60,977
Insurance	9,631	9,354
Other general expenses	20,785	11,411
Depreciation	159,861	159,722
<i>Total expenses</i>	957,313	892,781
<i>Operating income (loss)</i>	(132,110)	(192,601)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental grants - federal	3,939,347	3,660,645
Intergovernmental grants - state	73,616	83,120
Housing assistance payments	(4,078,495)	(3,726,652)
Other non-operating revenue	45,832	7,420
HUD Capital grants	93,699	68,888
Fraud recovery	16,411	26,210
Gain (loss) on sale of fixed assets	0	2,050
<i>Total non-operating revenues</i>	90,410	121,681
<i>Income (loss) before capital contributions and transfers</i>	(41,700)	(70,920)
CHANGE IN NET POSITION		
Net position, beginning of year	3,100,415	3,171,335
Net position, end of year	\$3,058,715	\$3,100,415

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Total revenues increased \$125,023 about 18% during the year. This is the result of an increase in administrative fees.

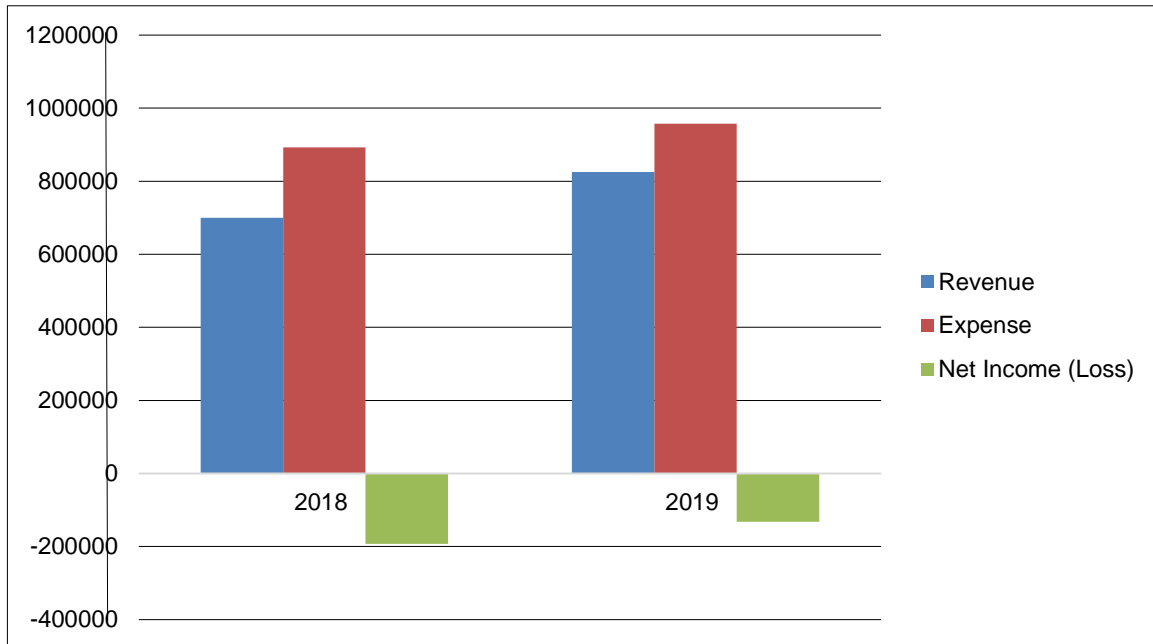


Total expenses increased \$64,532 or 7% as compared to the prior year. Employee benefits increased by 22% due to increase in the net pension liability and related deferred inflows and outflows.



WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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 \$115,236; Employee Benefits did exceed budget due to the GASB 68 requirements. Total operating expenses, however, remained under the budget plan by \$23,248 after adjusting for Depreciation Expenses of \$159,861, 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, 2019, amounts to \$2,569,202 (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

	2019	2018
Land and improvements	\$731,537	\$731,537
Buildings, systems and improvements	1,501,598	1,654,967
Furniture, fixtures and equipment	2,572	3,016
Construction in progress	333,495	262,778
<i>Total fixed assets, net of accumulated depreciation</i>	\$2,569,202	\$2,652,298

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term liabilities in the amount of \$675,963. This is an increase of \$136,206 from last year which is due to the Net Pension Liability that we are now required to report as a result of GASB 68 and an increase in compensated absences.

Economic Factors:

- The unemployment rate in Grant County as of June 30, 2019, reported by the New Mexico Department of Workforce Solutions, is 5.4%, which is a .5% increase from last year. This is slightly lower than the state's average unemployment rate of 5.5%. The unemployment rate in Luna County as of June 30, 2019 increased from 7.9% last year to 10.5%, 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, 2019

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
ASSETS						
Current Assets						
Cash	\$375,637	\$330,481	\$238,096	\$34,000	\$30,000	\$1,008,214
Receivables (net of allowance):						
Tenants	5,316	0	574	0	0	5,890
Other government	5,859	2,133	0	0	0	7,992
Due from (to) other funds	0	0	64,000	(34,000)	(30,000)	0
Inventory	1,819	0	0	0	0	1,819
<i>Total current assets</i>	<i>388,631</i>	<i>332,614</i>	<i>302,670</i>	<i>0</i>	<i>0</i>	<i>1,023,915</i>
Noncurrent Assets:						
Restricted cash	12,449	0	2,754	0	0	15,203
Capital Assets:						
Land	436,727	0	294,810	0	0	731,537
Construction in progress	122,755	0	210,740	0	0	333,495
Buildings	4,620,711	0	420,298	0	0	5,041,009
Equipment and furniture	111,498	46,082	0	0	0	157,580
Less accumulated depreciation	(3,466,324)	(46,082)	(182,013)	0	0	(3,694,419)
<i>Capital assets, net</i>	<i>1,825,367</i>	<i>0</i>	<i>743,835</i>	<i>0</i>	<i>0</i>	<i>2,569,202</i>
<i>Total assets</i>	<i>2,213,998</i>	<i>332,614</i>	<i>1,046,505</i>	<i>0</i>	<i>0</i>	<i>3,593,117</i>
Deferred outflows of resources -						
related to pension plan	65,092	107,470	0	3,036	0	175,598
LIABILITIES						
Current Liabilities:						
Accounts payable	682	1,237	0	0	0	1,919
Accrued payroll liabilities	3,040	0	0	0	0	3,040
Prepaid rent	706	0	141	0	0	847
Tenant deposits	12,449	0	2,754	0	0	15,203
Compensated absences (current)	431	543	0	0	0	974
<i>Total current liabilities</i>	<i>17,308</i>	<i>1,780</i>	<i>2,895</i>	<i>0</i>	<i>0</i>	<i>21,983</i>
<i>Compensated Absences (non current)</i>	<i>21,124</i>	<i>26,657</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>47,781</i>
Net pension liability	232,861	384,462	0	10,859	0	628,182
<i>Total liabilities</i>	<i>271,293</i>	<i>412,899</i>	<i>2,895</i>	<i>10,859</i>	<i>0</i>	<i>697,946</i>
Deferred inflows of resources -						
related to pension plan	10,104	16,682	0	471	0	27,257
NET POSITION						
Net investment in capital assets	1,825,367	0	743,835	0	0	2,569,202
Restricted for housing assistance payments	0	85,383	0	0	0	85,383
Unrestricted	184,775	(74,880)	302,529	(8,294)	0	404,130
<i>Total net position</i>	<i>\$2,010,142</i>	<i>\$10,503</i>	<i>\$1,046,364</i>	<i>(\$8,294)</i>	<i>\$0</i>	<i>\$3,058,715</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, 2019

	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Emergency Shelter	Total
Operating Revenues						
Tenant rental revenue	\$87,284	\$0	\$35,216	\$0	\$0	\$122,500
Other tenant revenue	2,239	0	222	0	0	2,461
Grant-administrative fees	0	516,589	0	17,000	0	533,589
HUD operating subsidy	166,653	0	0	0	0	166,653
<i>Total operating revenues</i>	256,176	516,589	35,438	17,000	0	825,203
Operating Expenses						
Personnel services	142,018	234,477	0	6,623	0	383,118
Employee benefits	97,058	109,778	0	4,801	0	211,637
Professional services	9,000	14,829	0	0	0	23,829
Repairs and maintenance	46,692	21,346	724	750	0	69,512
Utilities	21,575	4,803	99	0	0	26,477
General operating	8,046	37,049	0	7,368	0	52,463
Insurance	7,253	1,907	471	0	0	9,631
Other General Expenses	15,638	5,029	118	0	0	20,785
Depreciation	147,369	0	12,492	0	0	159,861
<i>Total operating expenses</i>	494,649	429,218	13,904	19,542	0	957,313
<i>Operating income (loss)</i>	(238,473)	87,371	21,534	(2,542)	0	(132,110)
Non-Operating Revenues (Expenses)						
Intergovernmental grants - federal	0	3,883,405	0	0	55,942	3,939,347
Intergovernmental grants - state	0	0	0	73,616	0	73,616
Housing assistance payments	0	(3,948,937)	0	(73,616)	(55,942)	(4,078,495)
Other non-operating revenue	44,951	881	0	0	0	45,832
HUD capital grants	93,699	0	0	0	0	93,699
Gain/Loss on sale of capital asset	0	0	0	0	0	0
Fraud Recovery	0	16,411	0	0	0	16,411
<i>Total non-operating revenues (expenses)</i>	138,650	(48,240)	0	0	0	90,410
<i>Changes in net position</i>	(99,823)	39,131	21,534	(2,542)	0	(41,700)
Net position, beginning of year	2,109,965	(28,628)	1,024,830	(5,752)	0	3,100,415
<i>Net position, end of year</i>	\$2,010,142	\$10,503	\$1,046,364	(\$8,294)	\$0	\$3,058,715

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

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2019

	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	\$86,547	(\$2,133)	\$34,908	\$0	\$0	\$119,322
Grants - subsidies	160,794	516,589	0	25,752	0	703,135
Cash payments to suppliers for goods and services	(108,044)	(85,015)	(1,417)	(8,466)	0	(202,942)
Cash payments to employees for services	(199,975)	(341,575)	0	(8,882)	0	(550,432)
<i>Net cash (used) for operating activities</i>	(60,678)	87,866	33,491	8,404	0	69,083
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES						
Net HAP/receipts	22,982	(65,532)	0	0	0	(42,550)
Temporary financing-other funds	0	0	0	0	0	0
Other nonoperating revenues	44,951	17,292	0	0	1,390	63,633
<i>Net cash provided (used) by noncapital and related financing activities</i>	67,933	(48,240)	0	0	1,390	21,083
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of assets	0	0	0	0	0	0
Cash received from intergovernmental sources	70,717	0	0	0	0	70,717
Acquisition and construction of capital assets	(70,717)	0	(6,048)	0	0	(76,765)
<i>Net cash provided by capital and related financing activities</i>	0	0	(6,048)	0	0	(6,048)
<i>Net (increase) in cash</i>	7,255	39,626	27,443	8,404	1,390	84,118
Cash and cash equivalents, beginning of year	380,831	290,855	213,407	25,596	28,610	939,299
<i>Cash and cash equivalents, end of year</i>	\$388,086	\$330,481	\$240,850	\$34,000	\$30,000	\$1,023,417
Cash and Cash Equivalents						
Cash	\$375,637	\$330,481	\$238,096	\$34,000	\$30,000	\$1,008,214
Restricted	12,449	0	2,754	0	0	15,203
	\$388,086	\$330,481	\$240,850	\$34,000	\$30,000	\$1,023,417

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

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2019

	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)	(\$238,473)	\$87,371	\$21,534	(\$2,542)	\$0	(\$132,110)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities						
Depreciation	147,369	0	12,492	0	0	159,861
Change in assets and liabilities:						
(Increase) decrease in tenant/other receivables	(2,877)	(2,133)	(25)	8,752	0	3,717
(Increase) in intergovernmental receivable	(5,859)	0	0	0	0	(5,859)
(Increase) in prepaid expenses and other current assets	170	0	0	0	0	170
(Decrease) in accounts payable	(10)	(52)	(5)	(348)	0	(415)
(Decrease) in accrued salaries and compensated absences	3,631	(761)	0	0	0	2,870
(Decrease) in prepaid rent	(481)	0	141	0	0	(340)
(Decrease) in tenant deposits	382	0	(646)	0	0	(264)
Increase in net pension contributions and liability	35,470	3,441	0	2,542	0	41,453
Total adjustments	177,795	495	11,957	10,946	0	201,193
Net cash provided by operating activities	(\$60,678)	\$87,866	\$33,491	\$8,404	\$0	\$69,083

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

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 of 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, 2019

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, 2019

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 Government's 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, 2019, \$807,978 of the Authority's bank balance of \$1,057,978 was exposed to custodial credit risk.

	Bank Balance	Carrying Amount
Deposits by custodial risk		
Category:		
Insured	\$250,000	
Collateral held by the pledging bank agent in Authority's name	807,978	
Uninsured/uncollateralized	0	
Total public funds	\$1,057,978	\$1,023,217

NOTE 3. ACCOUNTS RECEIVABLE

Due from tenants	\$5,890
Due from other governments	7,992
Total accounts receivable	\$13,882

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$731,537	\$0	\$0	\$0	\$731,537
Construction in progress	262,778	70,717	0	0	333,495
<i>Total capital assets, not being depreciated</i>	994,315	70,717	0	0	1,065,032
Depreciable capital assets:					
Buildings/improvements	5,034,961	6,048	0	0	5,041,009
Equipment/furnishings	157,580	0	0	0	157,580
<i>Total depreciable capital assets</i>	5,192,541	6,048	0	0	5,198,589
Less accumulated depreciation:					
Buildings/improvements	(3,379,993)	(159,418)	0	0	(3,539,411)
Equipment/furnishings	(154,565)	(443)	0	0	(155,008)
<i>Total accumulated depreciation</i>	(3,534,558)	(159,861)	0	0	(3,694,419)
<i>Depreciable capital assets, net</i>	1,657,983	(153,813)	0	0	1,504,170
<i>Business-type capital assets, net</i>	\$2,652,298	(\$83,096)	\$0	\$0	\$2,569,202

NOTE 5. COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Retirements	Balance June 30, 2019
Amounts Due:					
Current	\$7,659	\$8,119	(\$14,804)	\$0	\$974
Long-term	31,346	21,598	(5,163)	0	47,781
	\$39,005	\$29,717	(\$19,967)	\$0	\$48,755

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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 FY18 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, 2019, the Western Regional Housing Authority reported a liability of \$628,182 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The 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, 2018, the Western Regional Housing Authority’s proportion was 0.0394%, which changed from its proportion measured as of June 30, 2017 of 0.0370%.

For the year ended June 30, 2019, the Western Regional Housing Authority recognized PERA Fund Division Municipal General pension expense of \$73,905. At June 30, 2019, 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	\$18,155	\$16,493
Changes of assumptions	56,954	3,612
Net difference between projected and actual earnings on pension plan investments	46,589	0
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	22,133	7,152
Western Regional Housing Authority contributions subsequent to the measurement date	31,767	0
Total	\$175,598	\$27,257

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

\$31,767 reported as deferred outflows of resources related to pensions resulting from Western Regional Housing Authority contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$68,962
2021	31,719
2022	13,482
2023	2,411
	\$116,574

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, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return*	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

* Includes inflation at 2.50%, 2.75% all other years

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Client Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	100.0%	

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Western Regional Housing Authority's proportionate share of the net pension liability	\$967,986	\$628,182	\$347,280

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, 2019, the Authority had paid all required contributions.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 consisted of the following:

	<u>Interfund Payable</u>		
<u>Interfund Receivable</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 24, 2019, the date which the financial statements were available to be issued.

NOTE 12. OTHER REQUIRED DISCLOSURES

The State and Local fund had a deficit fund balance at June 30, 2019 as a result of recording the net pension liability.

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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
Western Regional Housing Authority's proportion of the net pension liability (asset)	0.0394%	0.037%	0.0377%	0.0386%	0.0399%
Western Regional Housing Authority's proportionate share of the net pension liability (asset)	\$628,182	\$508,411	\$602,319	\$393,560	\$311,263
Western Regional Housing Authority's covered-employee payroll (at measurement date)	\$325,068	\$324,937	\$322,976	\$314,984	\$323,716
Western Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	193.24%	156.46%	186.49%	124.95%	96.00%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	79.89%	80.20%	81.00%

*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*

	2019	2018	2017	2016	2015
Contractually required contribution	\$31,767	\$31,044	\$31,031	\$30,844	\$30,081
Contributions in relation to the contractually required contribution	\$31,767	(\$31,044)	(\$31,031)	(\$30,844)	(\$30,081)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Western Regional Housing Authority's covered-employee payroll	\$332,638	\$325,068	\$324,937	\$322,976	\$314,984
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	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, 2019

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, 2017 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: 06/30/2019

	Project Total	14.871 Housing Choice Vouchers	14.231 Emergency Shelter Grants Program	2 State/Local	1 Business Activity
111 Cash - Unrestricted	\$375,637	\$247,160	\$30,000	\$34,000	\$238,096
112 Cash - Restricted - Modernization and Development	0	0	0	0	0
113 Cash - Other Restricted	0	83,321	0	0	0
114 Cash - Tenant Security Deposits	12,449	0	0	0	2,754
115 Cash - Restricted for Payment of Current Liabilities	0	0	0	0	0
100 Total Cash	\$388,086	\$330,481	\$30,000	\$34,000	\$240,850
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	0	0	0	0	0
124 Accounts Receivable - Other Government	0	0	0	0	0
125 Accounts Receivable - Miscellaneous	5,859	2,133	0	0	0
126 Accounts Receivable - Tenants	200	0	0	0	691
126.1 Allowance for Doubtful Accounts -Tenants	0	0	0	0	(117)
126.2 Allowance for Doubtful Accounts - Other	0	0	0	0	0
127 Notes, Loans, & Mortgages Receivable - Current	0	0	0	0	0
128 Fraud Recovery	5,116	0	0	0	0
128.1 Allowance for Doubtful Accounts - Fraud	0	0	0	0	0
129 Accrued Interest Receivable	0	0	0	0	0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,175	\$2,133	\$0	\$0	\$574
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	0	0	0	0	0
135 Investments - Restricted for Payment of Current Liability	0	0	0	0	0
142 Prepaid Expenses and Other Assets	0	0	0	0	0
143 Inventories	1,856	0	0	0	0
143.1 Allowance for Obsolete Inventories	(37)	0	0	0	0
144 Inter Program Due From	0	0	0	0	64,000
145 Assets Held for Sale	0	0	0	0	0
150 Total Current Assets	\$401,080	\$332,614	\$30,000	\$34,000	\$305,424
161 Land	\$436,727	\$0	\$0	\$0	\$294,810
162 Buildings	4,620,711	0	0	0	420,298
163 Furniture, Equipment & Machinery - Dwellings	26,918	46,082	0	0	0
164 Furniture, Equipment & Machinery - Administration	84,580	0	0	0	0
165 Leasehold Improvements	0	0	0	0	0
166 Accumulated Depreciation	(3,466,324)	(46,082)	0	0	0
167 Construction in Progress	122,755	0	0	0	(182,013)
168 Infrastructure	0	0	0	0	210,740
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,825,367	\$0	\$0	\$0	\$743,835
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	0	0	0	0	0
173 Grants Receivable - Non Current	0	0	0	0	0
174 Other Assets	0	0	0	0	0
176 Investments in Joint Ventures	0	0	0	0	0
180 Total Non-Current Assets	\$1,825,367	\$0	\$0	\$0	\$743,835
200 Deferred Outflow of Resources	\$65,092	\$107,470	\$0	\$3,036	\$0
290 Total Assets and Deferred Outflow of Resources	\$2,291,539	\$440,084	\$30,000	\$37,036	\$1,049,259

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14.231 Emergency				
	Project Total	14.871 Housing Choice Vouchers	Shelter Grants Program	2 State/Local	1 Business Activity
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	682	1,237	0	0	0
313 Accounts Payable >90 Days Past Due	0	0	0	0	0
321 Accrued Wage/Payroll Taxes Payable	3,040	0	0	0	0
322 Accrued Compensated Absences - Current Portion	431	543	0	0	0
324 Accrued Contingency Liability	0	0	0	0	0
325 Accrued Interest Payable	0	0	0	0	0
331 Accounts Payable - HUD PHA Programs	0	0	0	0	0
332 Account Payable - PHA Projects	0	0	0	0	0
333 Accounts Payable - Other Government	0	0	0	0	0
341 Tenant Security Deposits	12,449	0	0	0	2,754
342 Unearned Revenue	706	0	0	0	141
343 Current Portion of Long-term Debt - Capital	0	0	0	0	0
344 Current Portion of Long-term Debt - Operating Borrowings	0	0	0	0	0
345 Other Current Liabilities	0	0	0	0	0
346 Accrued Liabilities - Other	0	0	0	0	0
347 Inter Program - Due To	0	0	30,000	34,000	0
348 Loan Liability - Current	0	0	0	0	0
310 Total Current Liabilities	\$17,308	\$1,780	\$30,000	\$34,000	\$2,895
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$0	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	0	0	0	0	0
353 Non-current Liabilities - Other	0	0	0	0	0
354 Accrued Compensated Absences - Non Current	21,124	26,657	0	0	0
355 Loan Liability - Non Current	0	0	0	0	0
356 FASB 5 Liabilities	0	0	0	0	0
357 Accrued Pension and OPEB Liabilities	232,861	384,462	0	10,859	0
350 Total Non-Current Liabilities	\$253,985	\$411,119	\$0	\$10,859	\$0
300 Total Liabilities	\$271,293	\$412,899	\$30,000	\$44,859	\$2,895
400 Deferred Inflow of Resources	\$10,104	\$16,682	\$0	\$471	\$0
508.4 Net Investment in Capital Assets	\$1,825,367	\$0	\$0	\$0	\$743,835
511.4 Restricted Net Position	0	85,383	0	0	0
512.4 Unrestricted Net Position	184,775	(74,880)	0	0	302,529
513 Total Equity - Net Assets / Position	\$2,010,142	\$10,503	\$0	(\$8,294)	\$1,046,364
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$2,291,539	\$440,084	\$30,000	\$37,036	\$1,049,259

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14.231 Emergency				
	Project Total	14.871 Housing Choice Vouchers	Shelter Grants Program	2 State/Local	1 Business Activities
70300 Net Tenant Rental Revenue	\$87,284	\$0	\$0	\$0	\$35,216
70400 Tenant Revenue - Other	2,239	0	0	0	222
70500 Total Tenant Revenue	\$89,523	\$0	\$0	\$0	\$35,438
70600 HUD PHA Operating Grants	\$189,635	\$4,399,994	\$0	\$0	\$0
70610 Capital Grants	70,717	0	0	0	0
70710 Management Fee	0	0	0	0	0
70720 Asset Management Fee	0	0	0	0	0
70730 Book Keeping Fee	0	0	0	0	0
70740 Front Line Service Fee	0	0	0	0	0
70750 Other Fees	0	0	0	0	0
70700 Total Fee Revenue	\$260,352	\$4,399,994	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$55,942	\$90,616	\$0
71100 Investment Income - Unrestricted	0	0	0	0	0
71200 Mortgage Interest Income	0	0	0	0	0
71300 Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0
71310 Cost of Sale of Assets	0	0	0	0	0
71400 Fraud Recovery	0	16,411	0	0	0
71500 Other Revenue	44,951	881	0	0	0
71600 Gain or Loss on Sale of Capital Assets	0	0	0	0	0
72000 Investment Income - Restricted	0	0	0	0	0
70000 Total Revenue	\$394,826	\$4,417,286	\$55,942	\$90,616	\$35,438
91100 Administrative Salaries	\$88,614	\$234,477	\$0	\$6,623	\$0
91200 Auditing Fees	9,000	14,829	0	0	0
91300 Management Fee	0	0	0	0	0
91310 Book-keeping Fee	0	0	0	0	0
91400 Advertising and Marketing	0	0	0	0	0
91500 Employee Benefit contributions - Administrative	50,463	109,778	0	4,801	0
91600 Office Expenses	0	0	0	0	0
91700 Legal Expense	0	0	0	0	0
91800 Travel	1,286	5,742	0	0	0
91810 Allocated Overhead	0	0	0	0	0
91900 Other	6,760	31,307	0	7,368	0
91000 Total Operating - Administrative	\$156,123	\$396,133	\$0	\$18,792	\$0
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	0	0	0	0	0
92200 Relocation Costs	0	0	0	0	0
92300 Employee Benefit Contributions - Tenant Services	0	0	0	0	0
92400 Tenant Services - Other	0	0	0	0	0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water	\$18,087	\$619	\$0	\$0	\$63
93200 Electricity	2,426	3,404	0	0	8
93300 Gas	1,062	780	0	0	28
93400 Fuel	0	0	0	0	0
93500 Labor	0	0	0	0	0

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14.231 Emergency				
	Project Total	14.871 Housing Choice Vouchers	Shelter Grants Program	2 State/Local	1 Business Activities
93600 Sewer	\$0	\$0	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	0	0	0	0	0
93800 Other Utilities Expense	0	0	0	0	0
93000 Total Utilities	\$21,575	\$4,803	\$0	\$0	\$99
94100 Ordinary Maintenance and Operations - Labor	\$53,404	\$0	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and	20,408	2,061	0	0	215
94300 Ordinary Maintenance and Operations Contracts	26,284	19,285	0	750	509
94500 Employee Benefit Contributions - Ordinary Maintenance	46,595	0	0	0	0
94000 Total Maintenance	\$146,691	\$21,346	\$0	\$750	\$724
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	0	0	0	0	0
95300 Protective Services - Other	0	0	0	0	0
95500 Employee Benefit Contributions - Protective Services	0	0	0	0	0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$6,482	\$284	\$0	\$0	\$471
96120 Liability Insurance	656	1,412	0	0	0
96130 Workmen's Compensation	115	211	0	0	0
96140 All Other Insurance	0	0	0	0	0
96100 Total insurance Premiums	\$7,253	\$1,907	\$0	\$0	\$471
96200 Other General Expenses	\$0	\$5,029	\$0	\$0	\$0
96210 Compensated Absences	10,512	0	0	0	0
96300 Payments in Lieu of Taxes	0	0	0	0	0
96400 Bad debt - Tenant Rents	5,126	0	0	0	118
96500 Bad debt - Mortgages	0	0	0	0	0
96600 Bad debt - Other	0	0	0	0	0
96800 Severance Expense	0	0	0	0	0
96000 Total Other General Expenses	\$15,638	\$5,029	\$0	\$0	\$118
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	0	0	0	0	0
96730 Amortization of Bond Issue Costs	0	0	0	0	0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$347,280	\$429,218	\$0	\$19,542	\$1,412
97000 Excess of Operating Revenue over Operating Expenses	\$47,546	\$3,988,068	\$55,942	\$71,074	\$34,026
97100 Extraordinary Maintenance	0	0	0	0	0
97200 Casualty Losses - Non-capitalized	0	0	0	0	0
97300 Housing Assistance Payments	0	3,948,937	55,942	73,616	0
97350 HAP Portability-In	0	0	0	0	0
97400 Depreciation Expense	147,369	0	0	0	12,492
97500 Fraud Losses	0	0	0	0	0
97600 Capital Outlays - Governmental Funds	0	0	0	0	0

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14.231 Emergency				
	Project Total	14.871 Housing Choice Vouchers	Shelter Grants Program	2 State/Local	1 Business Activities
97700 Debt Principal Payment - Governmental Funds	\$0	\$0	\$0	\$0	\$0
97800 Dwelling Units Rent Expense	0	0	0	0	0
90000 Total Expenses	\$494,649	\$4,378,155	\$55,942	\$93,158	\$13,904
10010 Operating Transfer In	\$22,982	\$0	\$0	\$0	\$0
10020 Operating transfer Out	(22,982)	0	0	0	0
10030 Operating Transfers from/to Primary Government	0	0	0	0	0
10040 Operating Transfers from/to Component Unit	0	0	0	0	0
10050 Proceeds from Notes, Loans and Bonds	0	0	0	0	0
10060 Proceeds from Property Sales	0	0	0	0	0
10070 Extraordinary Items, Net Gain/Loss	0	0	0	0	0
10080 Special Items (Net Gain/Loss)	0	0	0	0	0
10091 Inter Project Excess Cash Transfer In	0	0	0	0	0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0	\$0	\$0
10093 Transfers between Program and Project - In	0	0	0	0	0
10094 Transfers between Project and Program - Out	0	0	0	0	0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(99,823)	39,131	0	(2,542)	21,534
11020 Required Annual Debt Principal Payments	0	0	0	0	0
11030 Beginning Equity	2,109,965	(28,628)	0	(5,752)	1,024,830
11040 Prior Period Adjustments, Equity Transfers and Correction	0	0	0	0	0
11080 Changes in Special Term/Severance Benefits Liability	0	0	0	0	0
11050 Changes in Compensated Absence Balance	0	0	0	0	0
11060 Changes in Contingent Liability Balance	0	0	0	0	0
11070 Changes in Unrecognized Pension Transition Liability	0	0	0	0	0
11090 Changes in Allowance for Doubtful Accounts - Dwelling	0	0	0	0	0
11100 Changes in Allowance for Doubtful Accounts - Other	0	0	0	0	0
11170 Administrative Fee Equity	0	(74,880)	0	0	0
11180 Housing Assistance Payments Equity	0	83,383	0	0	0
11190 Unit Months Available	648	10,932	0	0	60
11210 Number of Unit Months Leased	640	9,070	0	0	59
11270 Excess Cash	355,971	0	0	0	0
11610 Land Purchases	0	0	0	0	0
11620 Building Purchases	141,434	0	0	0	0
11630 Furniture & Equipment - Dwelling Purchases	0	0	0	0	0
11640 Furniture & Equipment - Administrative Purchases	0	0	0	0	0
11650 Leasehold Improvements Purchases	0	0	0	0	0
11660 Infrastructure Purchases	0	0	0	0	0
13510 CFFP Debt Service Payments	0	0	0	0	0
13901 Replacement Housing Factor Funds	0	0	0	0	0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2019 Project: NM067000001 HILLSIDE APARTMENTS

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Project</u>
70300 Net Tenant Rental Revenue	\$87,284	\$0	\$87,284
70400 Tenant Revenue - Other	2,239	0	2,239
70500 Total Tenant Revenue	89,523	0	89,523
70600 HUD PHA Operating Grants	166,653	22,982	189,635
70610 Capital Grants	0	70,717	70,717
70710 Management Fee	0	0	0
70720 Asset Management Fee	0	0	0
70730 Book Keeping Fee	0	0	0
70740 Front Line Service Fee	0	0	0
70750 Other Fees	0	0	0
70700 Total Fee Revenue	\$345,699	\$93,699	\$439,398
70800 Other Government Grants	\$0	\$0	\$0
71100 Investment Income - Unrestricted	0	0	0
71200 Mortgage Interest Income	0	0	0
71300 Proceeds from Disposition of Assets Held for Sale	0	0	0
71310 Cost of Sale of Assets	0	0	0
71400 Fraud Recovery	0	0	0
71500 Other Revenue	44,951	0	44,951
71600 Gain or Loss on Sale of Capital Assets	0	0	0
72000 Investment Income - Restricted	0	0	0
70000 Total Revenue	\$301,126	\$93,699	\$394,826
91100 Administrative Salaries	\$88,614	\$0	\$88,614
91200 Auditing Fees	9,000	0	9,000
91300 Management Fee	0	0	0
91310 Book-keeping Fee	0	0	0
91400 Advertising and Marketing	0	0	0
91500 Employee Benefit contributions - Administrative	50,463	0	50,463
91600 Office Expenses	0	0	0
91700 Legal Expense	0	0	0
91800 Travel	1,286	0	1,286
91810 Allocated Overhead	0	0	0
91900 Other	6,760	0	6,760
91000 Total Operating - Administrative	\$156,123	\$0	\$156,123
92000 Asset Management Fee	\$0	\$0	\$0
92100 Tenant Services - Salaries	0	0	0
92200 Relocation Costs	0	0	0
92300 Employee Benefit Contributions - Tenant Services	0	0	0
92400 Tenant Services - Other	0	0	0
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$18,087	\$0	\$18,087
93200 Electricity	2,426	0	2,426
93300 Gas	1,062	0	1,062
93400 Fuel	0	0	0
93500 Labor	0	0	0
93600 Sewer	0	0	0
93700 Employee Benefit Contributions - Utilities	0	0	0
93800 Other Utilities Expense	0	0	0
93000 Total Utilities	\$21,575	\$0	\$21,575
94100 Ordinary Maintenance and Operations - Labor	\$53,404	\$0	\$53,404
94200 Ordinary Maintenance and Operations - Materials and	20,408	0	20,408
94300 Ordinary Maintenance and Operations Contracts	26,284	0	26,284

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2019 Project: NM067000001 HILLSIDE APARTMENTS

	<u>Low Rent</u>	<u>Capital Fund</u>	<u>Total Project</u>
94500 Employee Benefit Contributions - Ordinary Maintenance	\$46,596	\$0	\$46,596
94000 Total Maintenance	\$146,692	\$0	\$146,692
95100 Protective Services - Labor	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	0	0	0
95300 Protective Services - Other	0	0	0
95500 Employee Benefit Contributions - Protective Services	0	0	0
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$6,482	\$0	\$6,482
96120 Liability Insurance	656	0	656
96130 Workmen's Compensation	115	0	115
96140 All Other Insurance	0	0	0
96100 Total insurance Premiums	\$7,253	\$0	\$7,253
96200 Other General Expenses	\$0	\$0	\$0
96210 Compensated Absences	10,511	0	10,511
96300 Payments in Lieu of Taxes	0	0	0
96400 Bad debt - Tenant Rents	5,126	0	5,126
96500 Bad debt - Mortgages	0	0	0
96600 Bad debt - Other	0	0	0
96800 Severance Expense	0	0	0
96000 Total Other General Expenses	\$15,637	\$0	\$15,637
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	0	0	0
96730 Amortization of Bond Issue Costs	0	0	0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$347,280	\$0	\$347,280
97000 Excess of Operating Revenue over Operating Expenses	(\$46,153)	\$93,699	\$47,546
97100 Extraordinary Maintenance	0	0	0
97200 Casualty Losses - Non-capitalized	0	0	0
97300 Housing Assistance Payments	0	0	0
97350 HAP Portability-In	0	0	0
97400 Depreciation Expense	147,370	0	147,370
97500 Fraud Losses	0	0	0
97600 Capital Outlays - Governmental Funds	0	0	0
97700 Debt Principal Payment - Governmental Funds	0	0	0
97800 Dwelling Units Rent Expense	0	0	0
90000 Total Expenses	\$494,650	\$0	\$494,650
10010 Operating Transfer In	\$22,982	\$0	\$22,982
10020 Operating transfer Out	0	(22,982)	(22,982)
10030 Operating Transfers from/to Primary Government	0	0	0
10040 Operating Transfers from/to Component Unit	0	0	0
10050 Proceeds from Notes, Loans and Bonds	0	0	0
10060 Proceeds from Property Sales	0	0	0
10070 Extraordinary Items, Net Gain/Loss	0	0	0
10080 Special Items (Net Gain/Loss)	0	0	0
10091 Inter Project Excess Cash Transfer In	0	0	0
10092 Inter Project Excess Cash Transfer Out	0	0	0
10093 Transfers between Program and Project - In	0	0	0
10094 Transfers between Program and Project - Out	0	0	0
10100 Total Other financing Sources (Uses)	\$22,982	(\$22,982)	\$0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2019 Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(\$170,541)	\$70,717	(\$99,824)
11020 Required Annual Debt Principal Payments	0	0	0
11030 Beginning Equity	2,109,966	0	2,109,966
11040 Prior Period Adjustments, Equity Transfers and Correction	0	0	0
11050 Changes in Compensated Absence Balance	0	0	0
11060 Changes in Contingent Liability Balance	0	0	0
11070 Changes in Unrecognized Pension Transition Liability	0	0	0
11080 Changes in Special Term/Severance Benefits Liability	0	0	0
11090 Changes in Allowance for Doubtful Accounts - Dwelling	0	0	0
11100 Changes in Allowance for Doubtful Accounts - Other	0	0	0
11170 Administrative Fee Equity	0	0	0
11180 Housing Assistance Payments Equity	0	0	0
11190 Unit Months Available	648	0	648
11210 Number of Unit Months Leased	640	0	640
11270 Excess Cash	355,971	0	355,971
11610 Land Purchases	0	0	0
11620 Building Purchases	70,717	70,717	141,434
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, 2019

Wells Fargo Bank	Bank Balance	Reconciling Items	Reconciled Balance
Checking - Housing Assistance Payments	\$2,724	(\$2,724)	\$0
Checking - Voucher	348,860	(18,530)	330,330
Checking - Southwest Housing Assistance	240,850	0	240,850
Checking - Low Rent Public Housing	385,348	(352)	384,996
Checking - Linkages	34,000	0	34,000
Checking - Payroll	15,544	(12,503)	3,041
Checking - MFA (RAP)	30,652	(652)	30,000
<i>Total</i>	\$1,057,978	(\$34,761)	\$1,023,217
Balance, June 30, 2019	\$1,057,978	(\$34,761)	\$1,023,217
Petty Cash			\$200
Total cash per financial statements			\$1,023,417

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

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF DEPOSITORY COLLATERAL

JUNE 30, 2019

	<u>Wells Fargo Bank</u>
Checking accounts	\$1,057,978
Less FDIC insurance	(250,000)
<u>Total uninsured public funds</u>	<u>807,978</u>
50% collateralization requirement (Section 6-10-17 NMSA)	403,989
<u>Total collateralization requirement</u>	<u>403,989</u>
Pledged Securities:	
FMAC FGPC, cusip number 3132GR6U0, maturing 3/01/42	862,070
FMAC FGPC, cusip number 3132GR2M6, maturing 3/01/42	40,615
<u>Total pledged securities</u>	<u>\$902,685</u>
<u>Pledged securities over (under) requirement</u>	<u>498,696</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, 2019

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	-	\$166,653
Section 8 Housing Choice Vouchers	14.871	N/A	-	4,399,994
Public Housing Capital Fund	14.872	N/A	-	93,699
Passed through NM Mortgage Finance Authority:				
Emergency Solutions Grant Program	14.231	11-01-WST-TBA-001	-	55,942
<i>Total U.S. Department of Health and Human Services</i>			-	
<i>Total Expenditures of Federal Awards</i>			-	\$4,716,288

N/A - Not Available

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

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, 2019. 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, 2019

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. Brian Colón, 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, 2019, 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 24, 2019.

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. Brian Colón, 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.

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

September 24, 2019

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

Mr. Brian Colón, 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, 2019. 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. Brian Colón, 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, 2019.

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.

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

September 24, 2019

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019

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, 2019

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, 2019

EXIT CONFERENCE:

The exit conference was held September 26, 2019 and was attended by the following:

Representing Western Regional Housing Authority:

Irene Galvan, 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

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.